

Human Interaction in co-operative organizations. About *Gemeinschaft* and *Gesellschaft*

Jerker Nilsson* and George Hendrikse†

Abstract Cooperative businesses consist of a cooperative society and a cooperative business firm. The society comprise of a number of members who demand that the business firm should promote their interests. The member organization (the society) controls the business but as the business operations are essential for the members the two organizational units are equally important. The two organizational units seem, however, follow different operational logics. Hence, there may be problems to combine the two. If the cooperative should be competitive the member organization and the business organization must be well coordinated, but this may be difficult to accomplish due to the different logics. This paper addresses the difficulties following the different logics by trying to explore the logics within the memberships of agricultural cooperatives. Within the membership *Gemeinschaft* norms are ruling, while *Gesellschaft* dominates the members' relations to the business firms.

Keywords: Cooperative, Member, Gemeinschaft, Gesellschaft, Coordination

* Department of Economics, Swedish University of Agricultural Sciences, P.O. Box 7013, SE-750 07 Uppsala, Sweden, and Department of Work Science, Business Economics and Environmental Psychology, Swedish University of Agricultural Sciences, P.O. Box 53, SE-230 53 Alnarp, Sweden.
Phone: +46 18 67 17 68; E-mail: Jerker.Nilsson@ekon.slu.se

† Rotterdam School of Management, Erasmus University, P.O. Box 1738, Office T8-56, NL 3000 DR Rotterdam, The Netherlands.

1 Introduction

A cooperative is a dual organization. It consists of a cooperative society and a business firm. The society, hierarchically organized with a board on top, owns and controls the firm. The firm exists in order to satisfy the wants of the cooperative society's members. Hence the two units are closely interlinked and mutually completely dependent upon each other.

At the same time the two organizational units may be quite different. The business firm operates on market conditions; hence it has to be as efficient as competing firms. The society has members who are not only businessmen, for example farmers, but also humans, which means that the society may have social attributes. The interrelationships between the various members of the cooperative society and thereby also between the members and the society at large are often characterized in terms of trust, involvement, commitment, solidarity, loyalty and similar socio-psychological constructs. The literature on cooperatives abounds with treatments about cooperative ideology there also the concept of a specific cooperative value set is found (Hakelius, 1996; Hogeland, 2006).

This difference between cooperative societies and cooperative firms implies that there might be different behavioral logics behind the activities within the two types of units. If so there is a risk for poor coordination between the two or that the coordination that takes place is on the conditions of one organizational unit at the expense of the other one. In any case there is a risk for inefficient operations. This may be detrimental as the two organizational units are like the two sides of the same coin. If the cooperative society is controlled by the business firm there is a risk for members becoming uncommitted and losing their trust in the cooperative, and so the members reduce their trade, do not want to invest in the cooperative and refrain from controlling the firm. Similarly, if the cooperative society forces the firm to adapt to its own demands only there is a risk that the firm does not become competitive enough.

It may be that the problems that many agricultural cooperatives are facing and have been facing recently are rooted in the difficulties to unite the logics within cooperative societies and business firms. Some cooperatives have transformed into another cooperative organizational model, for example by introducing individual ownership by the members (Nilsson and Ohlsson, 2007). Others have disappeared due to mergers or acquisitions (Chaddad and Cook, 2007; van der Krogt, Nilsson and Høst, 2007). A number of bankruptcies have taken place (Lang, 2006). Some cooperatives have sold a part of their business activities to investors, thus getting a hybrid type of cooperative (van Bekkum and Bijman, 2006). Still others have converted into investor-owned firms (IOFs).

The various organizational models may be expressed as different governance structures, i.e. different constellations of control rights and income rights (Hendrikse, 2005). They vary for example as concerns whether producer interests or capital interests should guide the decision making and whether the decision making should take place centralized or decentralized. Hence, also the logics within the member organization versus within the

cooperative business firm are embraced by the governance structures. Nevertheless, the question of what is included in the producer interests, or the membership logics, is still unresolved – what kind of logic exists as the members and the member organization evaluate the cooperative business?

This paper tries to explore the logics within the memberships of agricultural cooperatives. It goes without saying that the variation is overwhelming, i.e. such logic varies between different agricultural industries, different countries and cultures, and different time periods. For this sake the empirical basis for this study comprises several agricultural industries and different countries. Still, the finding can be nothing but indicative.

The paper is structured as follows. The next section reports from six empirical studies within cooperative memberships, all indicating that the social forces are strong. The cases cover several countries and several agricultural industries. Following this is an account of a classical approach to explain different types of human interaction (or logics), for example the processes within the cooperative society and within the cooperative business firm. The subsequent section is an analysis of the six empirical studies in light of the different logics of human interaction. Some conclusions for future research on cooperatives are drawn.

2 Member behaviors – a selection of prior empirical studies

2.1 Introduction

Member behavior in agricultural cooperatives has been subject to research in a large number of empirical studies, conducted both in Europe and in North America. These studies report about farmers' motivational factors, attitudes, choice of business partners, and other behavioral constructs. In general these studies reveal that member behavior is complex and difficult to forecast.

Below a number of prior studies are related. The choice of these studies rests on a few conditions. First, they should be recent. Second, they should present a variety of member behavior, i.e. different agricultural industries and different countries. Third, it is an advantage that the authors have in-depth knowledge about the cases presented. Hence the six studied represent five countries, operating in five agricultural industries. Finally, all of them present the social forces existent within the membership – how members look upon the cooperatives as trading partners and their willingness to be involved in the cooperatives.

2.2 Swedish forest owners

In a study of Swedish forest owners' choice between cooperative and investor-owned business partners Enander, Melin and Nilsson (in press) found that the forest owners often base themselves on personal relations to the representatives of the buying firms. This is remarkable as the ownership of forest land represents substantial amounts of

capital, so the forest owners should reasonably be keen to get the highest possible price for their timber. It should be noted that forestry is regarded as one of the agricultural industries as a large share of the country's forest land is owned by farmers.

One possible explanation to the forest owners' behavior is that the calculation of prices is a complicated matter as no two trees are identical. Likewise, the forestry cooperatives and the investor-owned processors apply different pricing principles, whereby the forest owners have difficulties to compare the prices of the two categories of processors. While the investor-owned buyers pay a flat price, the major cooperative also pays patronage refunds, a dividend that is difficult to know beforehand, as well as bonus shares.

Some forest owners even regard the buying firms' representatives as personal friends even though they must reasonably understand that these persons' interests are directly opposite to their own interests. A possible reason may be that conducting forestry operations involves considerable complexities for many owners so they are in need for assistance and advice.

An outside observer would believe that the forest owners, due to the difficulties to assess the two optional buyer categories, would discuss with each other in order to obtain information. That is, however, not the case. On the contrary the forest owners hardly ever exchange experiences about different business partners. This is a sensitive issue and they do not want to jeopardize their relations with other forest owners.

If the forest owners are not affected by other forest owners' choice of business partners they are the more influenced by traditions. A large share of the respondents said that they have the same partner firm as their parents had. The business partners are inherited from one generation to the next.

All in all, the forest owners' behavior seems to be loaded with sentiments – about cooperative versus non-cooperative firms, relationships to the processing firms' representatives, relationships to neighboring forest owners, relationships to family, etc. When planning its purchasing the forestry cooperative has to take these behavioral traits into account and likewise in its running of the member organization and in all other exchange with the members.

2.3 Macedonian dairy farmers

Another empirical study that reports about farmers' relationships with different types of buying firms concerns dairy farmers in the Republic of Macedonia (Krstevska and Nilsson, in press). The dairy farms in Macedonia are divided into small and large farms. The small ones have only a few cows while the large ones may have twenty or more cows. The large dairy farmers have a behavior that resembles that of dairy farmers in Western Europe, i.e. the processors have cool tanker trucks, which collect the milk at the farms every second day.

The small dairy farmers are different. Their handling of the milk is purely manual and they do not have any cooling equipment. Even though they deliver the milk to special collection stations in the villages twice per day, the quality of the milk becomes poor (contaminated by bacteria, high amount of cells, low on protein, etc.). Hence, they can hardly sell this milk to a firm that processes the raw product to any value-added products. If so, the price would be extremely low. Instead the milk is sold to small processors in the villages and there it becomes mainly yoghurt. These mini dairies are paying a flat per liter price as they have no equipment for measuring quality.

There are strong social connections between the smallholders so they confirm each other in everything they do. There are, however, also strong links between the smallholders and the yoghurt producers in the villages. These links contribute to preserve this trading pattern. Hence, no development takes place.

Alternatively the dairy farmers (small as well as large) could have established a cooperative firm which would assist them to produce better milk quality and to market the milk at a higher price. Such cooperatives are, however, not established since the farmers have very little trust in one another and they also lack both capital to invest in the cooperative and skills to organize a cooperative.

In conclusion, the small dairy farmers are to a large extent driven by social forces, which contribute to preserve status quo, preventing the formation of a cooperative and the improvement of milk quality and the search for alternative processing firms.

2.4 Russian agricultural producers

Another study that concerns farmers' disinterest in cooperative organizations treats Russian experiences (Golovina and Nilsson, 2009). As the agricultural producers have no tradition of cooperative business the Russian government has instituted a large number of marketing and supply cooperatives. A survey among the agricultural producers shows that these top-down organized cooperatives have meager survival chances.

The population of agricultural producers is extremely heterogeneous, comprising both former kolzhoses and sovzhoses (with a few thousand hectares) and hobby farmers (with about one hectare on average). Hence it is understandable that the degree of trust within the memberships is extremely small. The cooperatives that the governmental authorities have established are about to fade away as the equity capital is being lost. The chairman of the board is often one of the very large agricultural producers, and he has not the ability to unite the very heterogeneous membership – on the contrary his interest is to promote his own interests.

2.5 Members of a Swedish farm supply and grain marketing cooperative

A fourth case concerns the members of Sweden's largest agricultural cooperative, which is in the farm input and grain marketing industry (Nilsson, Kihlén and Norell, 2010). The members raised complaints about poor prices both when they bought farm inputs from

the cooperative and when they sold grain to it. As a result the board and the management launched a budget-cutting program, implying that the retail chain, selling some commodities to the farmers, was sold out and that the number of silos were drastically reduced. Also the member organization was remodeled. The number as local wards was reduced and larger wards were created. The number of echelons in the organizational hierarchy was reduced and the number of elected representatives was reduced. Through these measures the cooperative succeed to cut one-tenth of its total costs whereby it could improve the prices offered to the members.

This cost cutting process was, however, not positively received by the members. Both the silo plants and the retail outlets were the members' local connections to the cooperative. These plants had "always" existed and were important to preserve a living countryside, according to the members. The new member organization was felt to weaken the members' connection to each other and to the cooperative.

A survey after the reorganizational measures showed that the members had low trust in the cooperatives' leadership, and their commitment was low. Hence, the social forces within the membership and the economic interests of the members were contradictory.

Contributing to the low member commitment is the fact that this cooperative follows a specific governance structure. 23 % of the cooperative's turnover is trade with the members – the rest is upstream and downstream activities which has no connection to the farmers, also internationally. It has operations in 19 countries. Only The non-member related business operations are run as a profit-maximizing business. Thanks to the profits of these downstream and upstream operations the members get extremely good return on the capital they have invested in the cooperative. Nevertheless they feel that the non-member related operations have come to dominate the cooperative to the extent that their interests are no longer taken into account.

2.6 New Zealand dairy farmers

In 2007 the board of Fonterra, one of the world's largest dairy cooperatives, proposed that the cooperative should be partly demutualized. In order to be able to exploit market opportunities the cooperative needed more capital, and the Stock Exchange was considered to be the best capital source (Rydberg, 2009).

Most members were, however, opposed to this remodeling plan. There is a strong cooperative tradition in New Zealand. For most dairy farmers Fonterra is the only possible milk buyer. Hence, an almost popular movement was seen within the membership, and the board withdrew the proposal.

Contributing to this development is that Fonterra has a "shadow board", Shareholders' Council, which worked against the proposal of the board. The Shareholders' Council enjoys the members' confidence much more than the Board of the Fonterra. It was meant to be a "watch dog" when Fonterra was established as this cooperative would be so dominating in the New Zealand dairy industry.

2.7 Perspectives

Many prior studies report about similar social driving forces among cooperative members (e.g. Jensen, 1990; Hansen, Morrow and Batista, 2002; Bhuyan 2007; James and Sykuta, 2007; Österberg and Nilsson, 2009). . Some state that various economic factors are important for member commitment, loyalty, and other expressions of satisfaction (Fulton and Adamowicz, 1993; Gray and Kraenzle, 1998). A larger number of studies claim, however, that the cooperatives' service level as well as the cooperatives' ability to offer an assured market are just as important as the price levels (Burt and Wirth, 1991; Misra, Carley and Fletcher, 1993), or sometimes even more important (Bravo-Ureta and Lee, 1988; Cain, Toensmeyer and Ramsey, 1989; Jensen, 1990; Klein, Richards and Walburger, 1997).

Borgen (2001) conducted a study among members of Norwegian cooperatives. The farmers have a psychological attachment to their cooperatives. Their membership even contributes to providing "self-identification". In an investigation, covering Swedish members of agricultural cooperative within different industries Fahlbeck (2007) found that there is a fairly strong preference for unallocated (collectively owned) capital, which implies that the members feel like a collective.

The opposite results follow in a study among farmers who are members of different Danish cooperatives. Laursen (2005) found that the farmers were generally satisfied with the cooperatives, even though these are of very large size. The largest agricultural cooperatives in Denmark seem to have succeeded in preserving strong member satisfaction even though they are working on world market conditions.

3 *Gemeinschaft* and *Gesellschaft*

3.1 Introduction

The empirical observations presented in the previous section may be analyzed in terms in theoretical terms. The theory presented below comprises the concepts of *Gemeinschaft* and *Gesellschaft*.

Gemeinschaft and *Gesellschaft* originate from classical sociological theory, coined by the German pioneering sociologist Ferdinand Tönnies in 1887 (Tönnies, 1887). The concepts have been translated into English as "community" and "society" (Tönnies, 1957) but these terms do not cover the original German terms very well so *Gemeinschaft* and *Gesellschaft* are most often used also in English language texts. The concepts are often used also by today's researchers, for example rural sociologists and pedagogic scholars (e.g. Chrysochoouo, 1997; De Cindio, Gentile, Grew and Dedolfi, 2003; Mellow, 2005; Adler, Kwon and Heckscher, 2008).

Gemeinschaft and *Gesellschaft* are ideal type concepts. They may very well exist in their extreme form in real life but there is also a host of intermediary forms.

3.2 *Gemeinschaft*

Gemeinschaft implies interaction between humans who know each other more or less and, above all, who care for each other. Hence it most often concerns interaction within relatively small groups. It is typical that the group of founders of a cooperative society consists of a few individuals who know each other, and thus have trust in each other. It is, however, not necessary that *Gemeinschaft* occurs only in small groups. The number of individuals could even be quite large, for example within a social class, where a specific class consciousness exists. Therefore, one may find *Gemeinschaft* also in large cooperative memberships.

Within a *Gemeinschaft*, the driving force is the members' *Wesenwille*, which has been translated into "essential will". The *Gemeinschaft* members are members of the group because the membership is self-evident to them. The driving force is hence almost instinctive and organic. The membership gives satisfaction in itself and is thus self-fulfilling.

To the extent that a member of a *Gemeinschaft* does no longer find his or her membership satisfactory, he or she will leave the group, and vice versa. Because of this *Gemeinschaft* groups tend to be homogeneous in respects that are important to the members.

Tönnies identified two types of *Gemeinschaft*. One is cooperatives (*Genossenschaft*), which implies community between all participating actors on an equal basis. The other subgroup is authority (*Herrschaft*), which implies that there are natural or elected leaders within the group, for example priests within a religious community. It seems that Tönnies had sympathies for the cooperative category as the entire book has been seen as an expression of his worries about the increasing dominance of *Gesellschaft* formations in Germany of his time, and he hoped that the growing consumer cooperative movement was a promising development.

3.3 *Gesellschaft*

Gesellschaft concerns human interaction where the actors are unknown and anonymous to one another. Hence the interaction is that of a market behavior. *Gesellschaft* interaction is more likely to occur within large groups of individuals. Hence it may characterize the interaction within large cooperative memberships, including the members' attitudes towards the cooperative society and the cooperative firm. Just as the case is with *Gemeinschaft*, *Gesellschaft* is found in both large and small groups of individuals. It occurs, for example, when an individual buyer and an individual seller are negotiating with each other.

The driving force behind *Gesellschaft* was called *Kürwille* by Tönnies, or "conditional will" or "arbitrary will". It implies that the individual exhibits a calculative behavior. An

individual who acts according to *Kürwille* separates means from ends is thus able to choose efficient means to reach his or her goals. Hence, the behavior is future directed, purposive and instrumental.

3.4 The relations between *Gemeinschaft* and *Gesellschaft*

Gemeinschaft and *Gesellschaft* are opposing each other. An individual who acts according to *Wesenwille* in a *Gesellschaft* setting will have problems, and vice versa. For this reason the balance between the two modes of interaction decides the degree of success that an individual or an organization may get. An actor must know the balance between the two interaction types and act accordingly, or the actor must choose a setting that is suitable for a specific way of acting.

The problems of conflicting *Gemeinschaft* and *Gesellschaft* are aggravated as the two are often organizationally related to each other and thus they affect each other. This is the case of cooperative organizations, comprising both a cooperative society and a cooperative business firm. Tönnies devoted much thought to a similar relationship, namely that between the people and the state.

Many researchers, including Tönnies himself, state that the balance between the two types of human interaction is successively changing. *Gesellschaft* is constantly gaining ground on behalf of *Gemeinschaft*. This pattern could, however, not be the entire truth as that would imply that over the years all human interaction would be of the *Gesellschaft* type.

The solution to this apparent paradox must reasonably be that new *Gemeinschaft* organizations are being established all the time, but these new establishments are so small that they are hardly visible to observers. *Gemeinschaft* organizations, which are successful, tend to grow whereby they take on more and more *Gesellschaft* attributes. For example, it is a widespread observation that cooperatives, in order to be competitive, expand and merge, and so the membership organizations become large and get bureaucracy attributes. In several Western European countries there is a wave of small newly established cooperatives as a reaction to the continuing growth of the large cooperatives. "Countervailing powers" are in operation. These newly established and small cooperatives are generally characterized by substantial *Gemeinschaft*.

The difficulties in preserving *Gemeinschaft* are the core of Michels' study of the German social democratic movement (Michels, 1911). As the Party expanded, the organization could no longer preserve its democratic ideals. Instead a small elitist group will take over the control. Michels considered this to be an inevitable development in all democratic popular movements, and so he coined the concept "the Iron Law of Oligarchy". Michels' study has often been cited by critics of cooperative organizations.

A similar development is reported by Stryjan (1989) when he investigated the development of the Israeli *kibbutzim*. For this form of cooperative organization to survive, a constant "reproduction of the membership" is necessary, otherwise the

Gesellschaft attributes will squeeze out the *Gemeinschaft* attributes. The *kibbutzim* are successively losing ground.

4 Analysis

The six studies presented above are here subject to interpretations in terms of the *Gemeinschaft-Gesellschaft* taxonomy. All the six studies indicate that farmers and members of cooperative societies do not always behave in accordance with the assumptions of *homo oeconomicus*. They are rather *homo sociologicus* even though the border line between these two conceptions of human behavior is often diffuse.

There are strong indicators that the Russian agricultural producers would benefit from cooperative organizations, and so would the Macedonian smallholders in the dairy industry. If these actors were to behave rationally – in line with *Gesellschaft* norms – they could perhaps establish some cooperatives. The fact that the level of trust between the farmers is almost zero prevents them from taking any initiative in the direction of cooperative formation. To the extent that the Russian agricultural producers and the Macedonian smallholders have good reasons for their distrust in other producers their behavior does not express *Gemeinschaft* behavior but rather *Gesellschaft* behavior. Given the conditions in these two countries it is likely that they have good reasons to doubt the trustfulness of other farmers.

The situation is more complex in Russia than in Macedonia as the Russian agricultural producers actually have cooperatives, established by the governmental administration. The fact that these cooperative were founded by governmental bodies and not by the producers is crucial. The agricultural producers' trust in government is strongly influenced by their experiences from the Soviet era, which is to say that the agricultural producers are due to have little sympathy for the top-down organized cooperatives. These firms are not considered to belong to the producers.

On top of this, the heterogeneity among the Russian agricultural producers is extreme, so the chances for trust, commitment and loyalty are minimal. The producers are members because they want to reap the benefits from the governmental investments in the cooperative, not because they believe in cooperative business – actually they have very little knowledge about cooperatives.

Hence, one may conclude that the Russian agricultural producers have no *Gemeinschaft* relation to the cooperatives whatsoever, and the same is true for the Macedonian small dairy farmers. Under such conditions any future for cooperative business does not exist.

The quite opposite condition holds true for the New Zealand dairy farmers. Being a member of and a supplier to Fonterra contributes to the self-identification for the dairy farmers. Contributing to this is also the fact that the farmers might be in a vulnerable position if Fonterra were no longer controlled by the farmers. Nevertheless, the

cooperative tradition in New Zealand is so strong that the dairy farmers want to keep on owning and controlling Fonterra and deliver their milk to this cooperative.

The situation in the largest Swedish cooperative in the farm supply and grain marketing industry is complex. On the one hand the members demand the best possible conditions, not the least the best prices, from their cooperative, i.e. a *Gesellschaft* attribute. On the other hand they also want the cooperative organization to be small and personal – a *Gemeinschaft* demand. The two requirements do not go hand in hand. This may be an effect of the fact that the organization is split up into two – one member-business organization and the dominating profit-maximizing organization. The logics within these two parts are widely disparate so the members do not know which kind of organization their cooperative is.

The cooperative has become so large and so diversified that the members have difficulties to identify themselves with the cooperative. The cooperative has expanded so much upstream and downstream that the members no longer understand the business activities. The international business activities are difficult for the member to apprehend.

As many of the locally based silo plants were closed and the local retail outlets were closed the members felt that the cooperative had abandoned them. These operations constituted the heart of the business, according to the members. The members demand *Gemeinschaft* at the same time as they are acting according to *Gesellschaft* norms, i. e. they are demanding better prices. An explanation to this seemingly contradictory behavior is that they do not understand the complex structure of the cooperative organization. The members want decentralization but the business logics require centralized decision-making.

The consequence of a complex structure of the cooperatives is also seen in the case of the forestry cooperative case. The forest owners might have the goal of getting as much as possible for their deliveries of timber (*Gesellschaft*), but as they are bewildered by the complexities as concerns pricing principles they resort to socially contingent behavior (*Gemeinschaft*). The members might want to behave according to *Gesellschaft* norms but due to the difficulties to do so they rather behave according to *Gemeinschaft*.

5 Conclusions

Research on cooperative businesses is different from research on investor-owned firms. This is so because members sometimes act according to *Homo Sociologicus* assumptions. At least at first glance, cooperative members, being humans of flesh and blood, may behave “irrationally”. On the other hand, their behavior may also be seen as rational in a *Homo Oeconomicus* sense. Belonging to a social group and being influenced by social relationships may be rational for the individual. Hence, it seems that *Homo Sociologicus* and *Homo Oeconomicus* are siblings. Like so often sibling often fight but still they tend to support one another.

It may be that the cooperative members behave according to *Gemeinschaft* norms but these may be in line with rational behavior – it is not easy to tell unless empirical data has been collected. Not only *Gesellschaft* behavior is rational but also *Gemeinschaft* behavior may be rational.

For this reason it is recommended that researchers when studying cooperatives are well aware of the empirical conditions that prevail in the real world. The researcher should be aware of the complexity that exists in the real world of cooperative business. The balance between *Gemeinschaft* (*Wesenswille*) and *Gesellschaft* (*Kürwille*) is impossible to know beforehand, hence empirical bases are important. Therefore behavioral theories are valuable and so are empirical studies of the behavior of cooperative members and potential members.

As concerns topics for research it must be stressed that cooperative organizational models must be prioritized. The discussion above indicates that there may be conflicts between the member organization, where *Gemeinschaft* is often prevailing and the cooperative business firm where *Gesellschaft* is due to rule.

Researchers must find ways whereby the members' quest for *Gemeinschaft* may be balanced with their *Gesellschaft* relationship to the co-operative (incentive alignment). Each cooperative organizational model implies different combinations of *Gemeinschaft* and *Gesellschaft* (incentive structures). The issue of centralization versus decentralization of decision making is essential. Which effects do different governance structures have for the cooperative members?

References

- Adler, P.S., Kwon, S.W., and Heckscher, C. (2008). Professional work: The emergence of collaborative community. *Organizational Science* 19 (2): 359-376.
- Bhuyan, S. (2007). The 'people' factor in cooperatives: An analysis of members' attitudes and behavior. *Canadian Journal of Agricultural Economics*, 55 (3), 275–298.
- Borgen, S.O. (2001). Identification as a trust-generating mechanism in cooperatives. *Annals of Public and Cooperative Economics* 72 (2), 208–228.
- Bravo-Ureta, B.E., and Lee, T.C. (1988). Socioeconomic and technical characteristics of New England dairy cooperative members and non-members. *Journal of Agricultural Cooperation*, 3, 12–27.
- Burt, L., and Wirth, M.E. (1990). Assessing the effectiveness of a farm supply cooperative: A comparison of farmer and manager viewpoints. *Journal of Agricultural Cooperatives*, 5, 17–26.
- Cain, J.L., Toensmeyer, U.C., and Ramsey, S. (1989). Cooperative and proprietary firm performance as viewed by their customers. *Journal of Agricultural Cooperation*, 4, 81–88.
- Chaddad, F.R., and Cook, M.L. (2007). Conversions and other forms of exit in U.S. agricultural cooperatives. In Karantininis, K., and Nilsson, J. (Eds), *Vertical Markets*

- and Cooperative Hierarchies. The Role of Cooperative in the Agri-Food Industry.* Dordrecht, Netherlands: Springer, 61–72.
- Chrysochoou, D.N. (1997) New Challenges to the study of European integration: Implications for theory-building. *Journal of Common Markt Studies* 35 (4), 521-542.
- De Cindio, F., Gentile, O., Grew, P., and Redofi, D. (2003). Community networks: Rules of behavior and social structure. *Information Society* 19 (5): 395-406.
- Enander, J., Melin, A., and Nilsson, J. (in press). Social influences in forest owners' choice between cooperative and investor-owned buyers.
- Fahlbeck, E. (2007). The horizon problem in agricultural cooperatives – only in theory? In K. Karantininis and J. Nilsson (Eds.) *Vertical markets and cooperative hierarchies* (pp. 255–274). Dordrecht: Springer.
- Fulton, J.R., and Adamowicz, W.L. (1993). Factors that influence the commitment of members to their cooperative organization. *Journal of Agricultural Cooperatives*, 8, 39–53.
- Golovina, S., and Nilsson, J. (2009). Difficulties for the Development of Agricultural Cooperatives in Russia: The Case of the Kurgan Region, *Journal of Rural Cooperation*, 37 (1), 52-70.
- Gray, T.W., and Kraenzle, C.A. (1998). Member participation in agricultural cooperatives: A regression and scale analysis. *RBS Research Report* 165. Washington DC: US Department of Agriculture, Rural Business – Cooperative Service.
- Hakelius, K. (1999). Farmer cooperatives in the 21st century: Young and old farmers in Sweden. *Journal of Rural Cooperation*, 27 (1), 31–54.
- Hansen, M.H., Morrow Jr., J.L. and Batista, J.C. (2002). The impact of trust on cooperative membership retention, performance and satisfaction: An exploratory study. *International Food and Agribusiness Management Review*, 5, 41–59.
- Hendrikse G.W.J. (2005). Contingent Control Rights in Agricultural Cooperatives, in T. Theurl and E.C. Meijer (Eds.), *Strategies for Cooperation*, Aachen: Shaker Verlag, 385-394.
- Hogeland, J.A. (2006). The economic culture of U.S. agricultural cooperatives. *Culture & Agriculture* 28 (2), 67–79.
- James Jr., H.S., and Sykuta, M.E. (2006). Farmer trust in producer- and investor-owed firms: Evidence from Missouri corn and soybean producers. *Agribusiness. An International Journal* 22 (1), 135–153.
- Jensen, K. (1990). Factors associated with the selection of cooperative vs. proprietary handlers of milk in Tennessee. *Journal of Agricultural Cooperation*, 5, 27–35.
- Klein, K.K., Richards, T.J. and Walburger, A. (1997). Determinants of co-operative patronage in Alberta. *Canadian Journal of Agricultural Economics*, 45 (2), 93–110.
- Krstevska, A., and Nilsson, J (2009). Conditions for structural change in the Macedonian dairy industry. The dairy farmers' choice of processors. Paper presented at the 4th international conference on ECONOMICS AND MANAGEMENT OF NETWORKS, at the School of Economics and Business, University of Sarajevo, Bosnia and Herzegovina.
- Lang, K.A. (2006). Cognition, agency theory and organizational failure: A Saskatchewan Wheat Pool case study. MSc thesis, Saskatoon: University of Saskatchewan.
- Mellow, M. (2005) The work of rural professionals: Doing the Gemeinschaft-Gesellschaft Gavotte. *Rural Sociology* 70, (1): 50-69-

- Misra, S.K., Carley D.H. and Fletcher, S.M. (1993). Dairy farmers' evaluation of dairy cooperatives. *Agribusiness. An International Journal*, 9 (4), 351–361.
- Nilsson, J., and Ohlsson, C. (2007). The New Zealand dairy cooperatives' adaptation to changing market conditions. *Journal of Rural Cooperation* 35 (1), 43–70.
- Österberg, P., and Nilsson, J. (2009). Members' Perception of their Participation in the Governance of Cooperatives: The Key to Trust and Commitment in Agricultural Cooperatives. *Agribusiness. An International Journal* 25 (2), 181-197.
- Richards, T.J., Klein K.K., and Walburger, A. (1998). Principal-agent relationships in agricultural cooperatives: An empirical analysis from rural Alberta. *Journal of Cooperatives*, 13, 21–33.
- Rydberg, C. (2009). Changing Fonterra's ownership model? Changing Fonterra's ownership model? Master thesis 564. Uppsala: Department of Economics, Swedish University of Agricultural Sciences. <http://ex-epsilon.slu.se/archive/00003389/>
- Tönnies, F. (1887). *Gemeinschaft und Gesellschaft: Abhandlung des Communismus und des Socialismus als empirischer Culturformen*. Leipzig.
- Tönnies, F. (1957). *Community and society*. New York: Harper & Row.
- Van Bekkum, O.F., and Bijman, J., (2006). "Innovations in cooperative ownership: Converted and hybrid listed cooperatives". Paper presented in 7th International Conference of Management in AgriFood Chains and Networks, Ede, Netherlands, May 31–June 1.
- Van der Krogt, D., Nilsson, J., and Høst, V. (2007). The impact of cooperatives' risk aversion and equity capital constraints on their inter-firm consolidation and collaboration strategies – with an empirical study of the European dairy industry. *Agribusiness. An International Journal* 23 (4), 452–472.