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A STUDY OF ORGANIZATIONAL CHANGE IN THE BEAR RIVER  
VALLEY COOPERATIVE ASSOCIATION 1947-1977

by  
Rahardjo

A thesis submitted in partial fulfillment  
of the requirements for the degree

of  
MASTER OF SCIENCE

in  
Sociology

UTAH STATE UNIVERSITY  
Logan, Utah

1978

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Last, but not least, the writer thanks his wife, for her patience and understanding throughout this endeavor. And to my children--perhaps some day they will read this and understand why I left them alone for a long time.

RAHARDJO

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## ABSTRACT

A Study of Organizational Change in the Bear River  
Valley Cooperative Association 1947-1977

by

Rahardjo, Master of Science

Utah State University, 1978

Major Professor: Dr. Thel R. Black  
Department: Sociology

The Bear River Valley Co-op Association was described in terms of certain changes that have occurred in its history, and analysis was made of how these changes relate to changes in the degree of local control by officers and members of the organization.

The method used in this study was content analysis of records of the organization. The main sources of data were: The Articles of Incorporation and By-Laws of the organization for 1947 and 1964, and the minutes of meetings from 1968 to 1977.

The study shows that the Bear River Valley Co-op Association today, as compared to the early period of its formation, has grown and changed from small-scale to a larger scale organizational pattern. This change is evidenced by a greater degree of formality and bureaucracy in its present organization than existed in the early period. Additional evidence is reflected in the greater concern for business matters today that formerly.

Correlated with this change has been a decrease in local control which previously appeared as a predominant characteristic of the organization. This decrease is evidenced in some reduction of concern for membership relations and in a reduction in efforts to encourage local neighborhood and community discussion and planning in regard to common problems and needs of members.

(110 pages)

CHAPTER I  
INTRODUCTION

This study is concerned with the emergence and effect of large-scale organization patterns in a small agricultural consumer cooperative. The study is about the Bear River Valley Co-op Association, located in Corinne, Utah. The hypothesis is that large-scale organization patterns influence co-op membership and membership relations.

The objectives of the study are twofold:

1. to give some indication of how far the Bear River Valley Co-op Association has changed from the small-scale into the large-scale type of organization; and
2. to give some indication of whether local control of the Bear River Valley Co-op Association has been influenced by such a trend.

The thesis is organized in the following way:

The remaining part of Chapter I will present a brief statement on limitations of the study and some abbreviations that will be used.

Chapter II is a review of literature. First, some historical background of co-ops and rural society in the United States is presented. This is to provide a general empirical base for the present research. Second, some problems facing rural people in relation to co-ops are presented to complement the above point. Third, a theoretical framework of the study that constitutes a basis for formulating the hypothesis is presented in two different ways: (1) four sociological

concepts (evolutionary perspective, Gemeinschaft-Gesellschaft, anomie, and alienation) give an external or social setting to the study; (2) three other concepts (rationality, bureaucracy, and formality) provide ideas important for an internal analysis of social organizations of which a co-op is one type.

Chapter III is a statement of problem and hypothesis. It includes a brief clarification on the variables involved.

Chapter IV deals with methodology of the study. It describes the main method used, the source of data, chronological steps of field research, and operational model of analysis.

Chapter V presents analysis of the data and presentation of findings. The main data being analyzed are: the Articles of Incorporation and By-Laws of the Bear River Valley Co-op Association, 1947 and 1964; and the minutes of board and member meetings from 1968 to 1977.

Chapter VI is the summary, conclusions, and recommendations of the study.

The appendix contains the most recent copy of the Articles of Incorporation and By-Laws of the Bear River Valley Co-op Association.

#### Limitations

This study is a qualitative type and accordingly has the advantages and disadvantages commonly found in such studies. One of these disadvantages concerns empirical verification. The qualitative type of study may be weaker than the quantitative study since the latter can be more objective in its verification.

This study is limited in its objectivity by the lack of detailed data. The main data gathered consists of the Articles of Incorporation and By-Laws of the Bear River Valley Co-op Association, 1947 and 1964. The analysis of this study consists of comparing these two Articles of Incorporation and By-Laws. Since the Articles of Incorporation and By-Laws is a regulation, the analysis consists of this writer's interpretations of the conditions as written. The analysis does not attempt to deal with actual conditions, but because of the concreteness of the written documents, it is assumed that there is a relationship between these two levels.

Another source of data is the minutes of meetings of the co-op from 1968 to 1977. Although the minutes have a certain degree of authenticity, their reliability is dependent upon the quality of the reporter.

#### Abbreviations

Some abbreviations are made for the main terms used in this study because of their length and frequency of use.

1. BRVCA: Bear River Valley Co-op Association.
2. A.I.B.L.: Articles of Incorporation and By-Laws.
3. A.I.: Articles of Incorporation.
4. B.L.: By-Laws.
5. U.C.A.: Utah Cooperative Association.
6. CENEX: Central Farmers Exchange.

## CHAPTER II

### REVIEW OF LITERATURE

The first part of this chapter presents a broad historical background of co-ops and rural society in the United States along with a brief statement of co-op related problems facing rural people today. This is intended to provide an empirical setting for the study. The second part of this chapter presents and clarifies several broad sociological concepts. A discussion of certain intermedicate sociological concepts follows. The empirical setting and these concepts constitute a framework for statement of problem and formation of the hypothesis which are treated in Chapter III.

The reader who wants to go more directly to the focus of this study, yet wants to see the concepts and background perspective of this chapter in use, may choose to go directly to Chapter III.

#### Historic Background of the Co-ops and Rural Society in the United States

The social characteristics of a cooperative, such as collectiveness and primary contact, can be seen clearly in the early period of the co-op movement in the United States. These social characteristics were not only represented in the internal organization of co-ops but were also conditioned by their environmental milieu. In the latter context the initial stage of co-op building most often

took place in a small group on a local basis where social ties were strong. This is described by Smith and Zopf as follows:

Among farmers in the United States, economic cooperation of the contractual type had its beginning before the Civil War. The local association was the first to appear; since neighbors have always found it advantageous to work together in rural districts. . . . For a time they were confined largely to neighborhood bases-- a handful of neighbors here and there, who united their efforts in the establishment of a cheese factory, the operation of a wheat elevator, the erection and operation of a creamery, and so forth. Some of these cooperative associations, were little more than the old informal mutual-aid practices upon a contractual basis. (1970, p. 426)

By 1930 there were about 12,000 co-ops in the United States. Most of these were local organizations. Others were organized on two bases: (1) as federations of locals through which the large organizations keep in touch with its membership, and (2) those organized from the top down, with no local agency (Kolb and Brunner, 1940, p. 346).

From such illustrations it can be seen that the co-op movement started on a local, small, or intimate group basis. However, the existence of the co-ops in the United States was not just merely a continuation of the old primary pattern of informal mutual aid among neighbors.

The co-op movements among farmers began soon after the Civil War. According to some opinions it was a response to the new needs and problems arising out of post-war depletion. Thus, economic motivation can be seen from this point of view. Also there is some opinion that co-op movement was part of a power struggle among farmers against big business. As expressed by Smith and Zopf (1970, p. 429): ". . . the early co-op was partly a reaction of farmers against 'big business', of which American agriculturists generally have

been suspicious." In another part of their explanation, Smith and Zopf quote James M. Williams' stress on such motivations:

With these conditions existing in the early years, the farmer came to realize that each by himself was powerless. He joined the cooperative to benefit himself, realizing that his interests were opposed to those of the produce dealer, identical with those of other farmers. He believed, too, that the other farmers were being exploited by the middlemen. This sense of injustice about his own conditions and that of others whom he construed as kindred was one of the great factors in inducing farmers to join the cooperative. (1970, p. 432)

Thus, in general, co-ops in the United States in the past, served farmers not only economically but also in social and political areas as well.

Historical background of rural co-ops cannot be separated from historic background of rural society in general. Perhaps there are two factors that can be taken into account in the development of rural society in the United States:

(1) technological factors, mainly the spreading of the intricate web of modern communication/transportation, and the growing intensity and extensity of farm mechanization; and (2) human abilities and knowledge as developed by the Agricultural Extension Service, in which such persons as Seaman A. Knapp had a very great indirect involvement. Also, in this latter connection, some farm organizations made significant contributions to development of rural co-ops, and rural society, in general.

Many statistical figures describe the pervasive and enormous spread of the modern communication-transportation system into rural areas. In the 1950's, Lowry Nelson summarized this and related changes as follows:

The gap between farm and city housing in regard to such conveniences as electricity, running water, mechanical refrigeration, is already narrow and may largely disappear. The geographic isolation

no longer exists since the building of farm-to-market roads, as well as trunk highways, has been a national policy for at least a quarter of century. The country churches and farmers' schools are being merged with those of the towns and cities. (1954, pp. 170-171)

Another significant fact is that as long ago as 1920, nearly a third of all farms had cars, and by 1930, nearly three-fifths (58%) had them. The number climbed to 63 percent in 1950. And, it would be trivial to describe statistical figures of today of how many farmers have cars, television, and other forms of mass-media.

Farm mechanization had entered its era before the Civil War, when some early inventions such as steel and chilled-iron plows, grain drills, mechanical harvesters, threshing machines, etc., were patented. However, such inventions were not refined, manufactured, or distributed among farmers in general until the end of the nineteenth century. Thus, the real starting point of farm mechanization in the United States was in the twentieth century. Some statistical figures will show how fast the changes toward mechanization were made.

In 1920, less than four farms out of a hundred reported tractors. The number had risen to nearly half of all (5,382,000) farms by 1950. In 1920, only 2 percent of farms reported having motor trucks, but in 1950 over a third of all farms had them. Rural electrification is another significant phase of the mechanization of American farms. In 1920 only 7 percent of farm dwellings were lighted by "gas or electricity." In 1952 the percentage of rural electrification had changed to 88 percent (Lowry Nelson, 1954, pp. 32-36).

Other general statistical figures describing the rapidity of farm mechanization can be seen in Table 1.

Table 1  
Farm Mechanization in 1950 and 1975

Item		1950	1975
Tractors	(in 1000)	3,394	4,263
Horsepower	(in mill.)	93	222
Motor trucks	(in 1000)	2,207	2,882
Grain combines	(in 1000)	714	678
Corn pickers	(in 1000)	456	594
Pickup balers	(in 1000)	196	609
Field forage harvesters	(in 1000)	81	286

Source: "Statistical Abstract of the United States 1976, National Data Book and Guide to Sources," U.S. Department of Commerce, Bureau of Census.

Growth of co-ops into large-scale organizations can also be viewed as a significant aspect of the growth of co-ops in the United States. The trend is traceable through statistical data as well as through word statements. Bertram B. Fowler, for example, stated in his The Cooperative Challenge that the co-ops in the United States had grown into big business. This dealt mainly with the consumer cooperative. As he described it: "January 1947 found the consumer co-operative movement in the United States doing a billion-dollar business, whereas in 1937 it was doing business in the lower hundred millions" (1947, p. 231).

Fowler's study is concerned with the growth of co-ops during the decade from 1937 to 1947. In fact, 1937 was not the starting point of co-ops becoming bigger and bigger on an organizational scale in the United States. In 1929 and 1930 the culminating point of co-op growth in terms of quantity occurred. At that time there were 10,546 cooperative associations in operation.

In 1937 membership in consumer cooperatives was somewhere around a million, but by 1947 it had reached two and a half million. As the year 1946 ended, the 22 regional co-op wholesales that are members of National Co-operatives, Inc. owned and operated, either on their own or through their membership with National Co-operatives, Inc., 158 mills, factories, refineries and other production units. And by no means were all of the regional wholesales in 1946 members of National Co-operatives, Inc. About 100 of these units were purchased or built by the National Co-operatives, Inc. in the period since 1939. This gives some idea of how rapidly these co-ops have advanced in the ten years up to 1947 (Bertrand B. Fowler, 1947, pp. 231-232).

From just such illustrations it is evident that rural areas have become part of a larger communication-transportation, education, political, economic, and socio-cultural system in general.

As mentioned earlier, besides such technological factors, the model of efforts like those of the Agricultural Extension Service have also played a very important role in the development of rural society. Agricultural Extension Service, a very important educational agency, owes its existence to a remarkable farmer, educator, and promoter, Seaman A. Knapp. He was very well

known for his demonstration method, not only in terms of its technical efficiency but for his social invention as well. As Joseph C. Bailey noted:

His social invention, called the County Demonstration Agent System, bridges the gap between our rural communities and some fifty agricultural colleges and sixty experiment stations with their new-found information in the arts and sciences of husbandry. (1945, p. xii)

Besides Seaman A. Knapp's contribution, some farm organizations had a very significant role in developing American rural society and co-ops.

According to Joseph G. Knapp, four general farm organizations gave significant encouragement to cooperative business in the period from 1896 to 1920: the Farmers' Union, the Society of Equity, the Grange and the emerging Farm Bureau. Each of these organizations had its own specific and direct involvement in the cooperatives' development. Moreover, these four organizations also had some similar contributions to the development of the co-ops in general. As Joseph G. Knapp noted:

Moreover, all of these organizations gave support to legislation and governmental action which created conditions more favorable to cooperative development. They deserve a large share of the credit for the legislation which made possible better roads, better schools, and better marketing conditions. They also fostered legislation which specifically facilitated the formation of cooperative associations and assured their legal position. (1969, p. 176)

The Farmers' Union and the Society of Equity movements influenced the character of cooperative growth starting about 1902. The Farmers' Union (Farmers' Educational and Cooperative Union of America) originated in Texas, while the American Society of Equity started in Indiana. The national encouragement given by the Equity movement to cooperative development has been inadequately recognized, largely due to the fact that the Equity failed to survive as a

farmers' organization. However, it can be given much credit for its experimentation with large-scale organization. The Farmers' Union, on the other hand, was successful in stimulating the early growth of many soundly-conceived and practically-operated organizations. Comparing the Farmers' Union with the Grange, Joseph G. Knapp states: "While the Grange supported cooperative enterprise as a general policy, the Farmers' Union made it the cornerstone of its program" (1969, p. 181).

The Grange, as it was in the period from 1896 to 1920, contributed materially to the growing cooperative movement.

While the total extent of the cooperative business done through the Grange or its agencies was not impressive, the training in cooperative thinking and methods given by the Grange did much to provide leadership for the new cooperative forces. (Joseph G. Knapp, 1969, p. 200)

By the time the American Farm Bureau Federation stepped forth in 1920, the attitude toward cooperation was still in a formative state. In this connection, Joseph G. Knapp commented: "As a 'business organization for agriculture,' it could not ignore the importance of cooperative organization, while as an 'educational organization' it could not confine its interests to any single line of action" (1969, p. 212).

### Some Problems Facing Rural People Today

#### in Relation to Cooperatives

The problems facing rural people today in relation to cooperatives cannot be detached from the previous ones. What is happening today is just a

continuing process of what has happened previously. As has been described before, some of the reasons for rural people accepting the cooperatives were the democratic principles of the co-op. Basically, the principles of the cooperative--the Rochdale principles--are compatible to the character of rural people.

As indicated earlier, James M. Williams, in analyzing the conditions that were essential for organization of the Dairymen's League in the early twentieth century, concluded that farmers were keen to sense the need for some collective action at grass-roots level.

Such symptoms can be seen also in relatively recent times (in the 1960's). Claude W. Gifford, for example, still observed that the attitude of farmers about cooperatives is: "They wish to retain within the bargaining associations the illusion if not the reality of certain primary-group features, reminiscent of the old type of informal mutual aid" (Smith and Zopf, 1970, pp. 432-433).

The expanding size and complexity of co-ops, as has been described previously, brought about some other related symptoms. The co-ops have become large-scale organizations or secondary groups. The co-ops have grown to the extent that their interests have expanded beyond the confines of the local communities across the state, to regions and even the nation. In this connection, the expanding size of the co-op does not mean that a single and small co-op is growing bigger and bigger from time to time. Rather, it is greater coordination and consolidation of co-op efforts. As Smith and Zopf put it:

Clearly, the more powerful position of the cooperatives that remain in operation and their tendency to be composed of several smaller, formerly independent associations is evidence of their growing strength in many areas and of their tendency to become increasingly complex. (1970, p. 427)

This increased complexity presents a real problem for the ordinary farmer. Many elements are involved in the problem. Probably the most important one is that the farmers generally find the co-op too formal or secondary-group oriented to match the farmers' primary style of life.

. . . perhaps the single most significant element is the fact that while farmers generally operate within a constellation of primary groups, most cooperatives have become large secondary groups and have, therefore, also become nearly as uncomfortable to the farmer members as large urban centers, great industrial corporations, or other secondary groups. (Smith and Zopf, 1970, p. 429)

Further description of the growing scale and complexity of co-op organizations and related problems is presented in American Cooperation, 1976-77, edited by Beryle Stanton. Ralph Hofstad, under a topic, "A Futuristic Look at Cooperatives," notes a significant trend:

Historically, we have recognized the interdependence within a cooperative's membership--individuals working together for their mutual benefit. Now we're becoming more fully aware of another kind of cooperative interdependence--that between the cooperative member and the market, the farmer, and the consumer. (Beryle Stanton, 1977, p. 68)

In other words, such statements refer to the trend that co-ops today have shifted their focus from concern for members' relations to concern for business relations. Very obviously, this changing process goes hand in hand with the fundamental trend of American agriculture. In this connection, two conclusive opinions of two different prominent figures will probably add some clarifications in this matter. Andrew P. Miller, under the topic, "Cooperative: A Source of Agricultural Strength" notes that:

One factor in the development of agricultural strength in America has been the cooperatives. The contribution of cooperatives in

services, purchasing, marketing, and credit simply cannot be overemphasized. . . . Consider, if you will, that about five out of every six farmers in America belong to one or more cooperatives. (Beryle Stanton, 1977, p. 42)

William F. Hueg, Jr., under the topic, "Cooperatives Helping Shape American Agriculture," notes:

The strength of American agriculture lies in the system which has been developed: A system of production on the land, supplemented and in concert with the supply industry on the one hand and the processing, transportation, and distribution industries on the other. This is American agriculture--this is agribusiness. (Beryle Stanton, 1977, p. 32)

These two complementary statements reveal much about the nature of relationships among the American co-ops, co-op members, American agriculture, and consumers. Implicitly, it can be concluded that the basic environmental conditions--such as agricultural products, marketing, transportation, etc.--have driven co-ops into a business-type of organization. Internally, this trend can be seen from some basic changes of the co-ops' mechanism. This is confirmed by Herbert Selbrede, who is President of Wisconsin Dairies Cooperative. Under the topic, "The Changing Role of a Cooperative Director," he has brought forward some interesting opinions on such changing processes. In today's cooperative, a director is more concerned about policy and long-range planning. Directors find themselves representing a larger number of members than before, and their relations with those members are becoming more impersonal. As co-ops become larger, their directors start getting involved in more regional cooperatives (Beryle Stanton, 1977, pp. 132-134).

Also, Francis B. Gwin, under the topic "Local Managers Must Grow As Cooperatives Grow," has indicated some crucial points with regard to such a

trend. To mention just a few, he states that as co-ops grow bigger and more complex, good organization becomes essential; wage and salary administration requires performance evaluation; member communication grows more difficult; and more careful planning becomes a real need. There is a need to know changes in industry and merchandising. Locals and regionals learn that they will sink or swim together; and the role of modern manager becomes more administrative (Beryle Stanton, 1977, pp. 135-140).

On the other hand, from co-op members' point of view, J. Douglas Webb and Richard Redmond, under the topic "Two Cooperative Leaders Talk on Member Control," have expressed some significant points on "member control." As Beryle Stanton reviews the ideas of Webb and Redmond, he says that they present a thoughtful and occasionally controversial look--at least from the standpoint of many cooperative spokesmen--at cooperatives, who control them, and who should control them. From this theme--whose business a cooperative really is--they state some problematic points of co-ops today. Webb says:

A business executive, by any other name, will act the same. Cooperative managers, hired from the business schools or from corporations, are more concerned with organizational growth and profit than with democratic control and social consciousness. In a position to run the dairy business of the large cooperatives during the past 15 to 20 years, professional management has moved on to become the determining power in making organizational policies and to be recognized as "the leadership" of the cooperative's movement. From that lofty perch, the professionals are asserting their view that the business of cooperatives is business, period. In today's modern cooperatives, the presence of management is overshadowing that of membership, and the pecuniary goal has become overriding. In short, the fact of profits has become more important than the way they are made. (Beryle Stanton, 1977, p. 128)

### Concepts Relating to the Study

As mentioned previously, this study is an attempt to give (1) some indication of how far the BRVCA has changed from the small-scale into large-scale type of organization; (2) some indication of the degree to which local control of the BRVCA has been influenced by such a trend.

With regard to those two questions, eight major sociological concepts are used as a theoretical basis of clarification. A certain degree of abstraction is needed in such theoretical clarification. Thus, while we will keep the co-op under study in mind, the actual treatment in this chapter concerns the more general phenomenon of social organization. To meet the two questions above, the following topics are expected to give highlight for such theoretical clarification.

1. What is the trend of our societal development today, and what form is such development taking?
2. What are some social conditions created by such a developmental process?
3. What are the influences of such conditions upon social organization?

With regard to the first question, the concept of evolutionary perspective is used to provide a theoretical base in explaining the trend of our societal development today. The concept of Gemeinschaft-Gesellschaft, and also primary and secondary group, are used to provide a theoretical base in explaining the form of our societal development today. These explanations will provide us with a broader outlook and a range within which to deal with the above two questions.

With regard to the second question, two sociological concepts--anomie and alienation--will be used to clarify some social conditions whenever Gesellschaftlich process is becoming predominant in a society. These two concepts will provide us with an understanding that at a certain degree of development, a given society would have lost its control over some social organizations. Anomie will mainly give an explanation from a societal point of view as to why a society cannot control some of its social organizations at certain degrees of development. Alienation, on the other hand, views such phenomenon--losing control over social organization--from the social organization's point of view. These two concepts explain the conditions that are external for a (social) organization. It treats the social organization just as part of a social system.

Regarding the third question, three sociological concepts--rationality, bureaucracy, and formality--will be used to explain the influences of Gesellschaftlich process, anomie, and alienation, on the internal condition of the social organization. This concerns mainly the relation between an organization and its members. The concept of rationality will mainly give a basic layer in explaining the other two concepts--bureaucracy and formality. Bureaucracy and formality are complementary concepts in explaining how the changing process occurring within an organization may detach it from its members' control.

Trend of Our Societal Development Today  
and Form Such Development Is Taking

Evolutionary Perspective

In the "Dictionary of Sociology and Related Sciences" by Henry Pratt Fairchild, the term evolution is defined as: "A process of change in which each succeeding stage has a connection with the preceding stage; a growth or development involving continuity" (1970, p. 110). To discuss evolution by starting from such a definition, however, is not enough. The term "evolution" in sociology or social sciences in general, is a controversial one. Many reject the term just because it is terminology of the natural science (i. e. biology) field. Francies R. Allen (1971, p. 57) says: ". . . and many felt that sociologists were too slavish in copying the biological explanations."

The study of social evolution ran into difficulties in the 1920's. In this connection, Allen (1971, pp. 56-57) noted: "Strong objection developed to the notion that human societies evolve in unilinear way, with each society going through various stages." Rejection of the evolutionary perspective, however, does not mean vanishing of the theory of social evolution. On the contrary, in very recent times--that is, in the 1960's--a revival of interest in the evolutionary view has taken place. This evolutionary view does not imply a return to the nineteenth-century perspective. It is a new perspective.

Thus, in clarifying the evolutionary perspective, the difference between the early evolutionary view and the new one must be established. The early evolutionary view, as represented by Morgan, Tyler, Spencer and Durkheim,

postulated that social forms (such as institutions) and entire societies have the tendency to develop in sequence and to pass through various stages. The new version of the evolutionary view is a merging of ideas of the evolutionary and structural-functional approaches. Talcott Parsons is a leader in expressing this new evolutionary perspective. (See Talcott Parsons in Societies: Evolutionary and Comparative Perspectives.)

The early evolutionary perspective considers external and universal forces as the only factors causing the changing process of human society in a unilinear way. The new perspective, besides taking this idea into consideration, also considers internal forces. Since these internal forces are always unique, at least to some degree, the evolution or changes that will take place will be unique and will not develop in a unilinear way from society to society.

To the writer, evolutionary perspective, more than theory of social change, explains the course of human development; whereas the theory of social change explains the process of human development. Thus, like historical perspectives, evolutionary perspectives explain the trend of human development as a sequential process.

Evolutionary perspective, in general, helps explain that a society is always changing. This changing process has a certain course which is more or less predictable. The concept of Gemeinschaft-Gesellschaft will help to clarify such a course. In short, the concept of Gemeinschaft-Gesellschaft indicates the trend of such a changing process.

### Gemeinschaft and Gesellschaft

The concepts of Gemeinschaft and Gesellschaft are ideal types. They are not used just to represent two types of basic human association which are separated and isolated from each other. Rather, they, together, can help clarify various positions on a continuum or trend line in the changing process from Gemeinschaftlich to Gesellschaftlich pattern. As Fritz Pappenheim noted:

In terms of historical development, Tonnies holds that society has moved away from an age where Gemeinschaft was predominant towards an age where Gesellschaft prevails. This process of transition, which started many centuries ago, was accelerated by changes begun during the Renaissance and particularly by those resulting from the Industrial Revolution. It is a transformation which is inexorable and which we cannot evade. No use to lament, as some romanticists do, the increasing mechanization of human relations in modern society. The process which brings about the steady yielding of Gemeinschaft to Gesellschaft seems to be our fate. No escape or return to Gemeinschaft is possible. (1959, p. 67)

It is such a Gesellschaftlich process that arouses the forces of alienation in a given society along with the "detachment" of an association from its social and local setting. This situation will be best understood by seeing the contrast between the characteristics of Gemeinschaft and Gesellschaft. Gemeinschaft is characterized as personal, informal, traditional, sentimental, and general; whereas Gesellschaft is characterized as impersonal, formal/contractual, utilitarian, realistic/"hard-boiled," and specialized (P.B. Horton and C. L. Hunt, 1964, p. 184). The Gesellschaft process does not occur at the same rate for all social elements in a given society. This brings about imbalance. From such an imbalance there comes a detachment of some social elements from their previous setting. Those which are influenced more by the Gesellschaftlich will result in greater imbalance and detachment. However, the alienation

forces that are brought about by Gesellschaftlich process are not simply explainable from such imbalance. Rather, it can be explained through the nature of Gesellschaft itself. This matter will be discussed later, in relation to rationality.

Somewhat similar to the concepts of Gemeinschaft and Gesellschaft are the familiar concepts of primary and secondary groups. Primary group is characterized by intimate, personal, and total type of social contacts among the members involved. Secondary group, on the other hand, is characterized by impersonal, segmental, and utilitarian type of social contacts among the members involved. In other words, primary groups are relationship-directed, and secondary groups are goal-oriented (P. B. Horton and C. L. Hunt, 1964, pp. 181-183). Most sociologists view the primary group as identical with Gemeinschaft, whereas the secondary group is viewed as being identical with Gesellschaft.

The application of the concept of Gemeinschaft-Gesellschaft, or Primary-Secondary Group, in this study is used to explain: (1) that a movement to the Gesellschaft or secondary-group process in rural setting is a general societal trend today; and (2) that this process is not proportional for all social elements or components. (Some institutions and organizations are more receptive to Gesellschaft than others.)

Social Conditions Created by Such a Development Process

Anomie

Anomie, a concept which was proposed by Durkheim, briefly can be defined as a term that refers to a condition of relative normlessness in a whole society or in some of its component groups (L.A. Coser, 1971, pp. 132-133). How anomie comes into existence in a society, according to Joachim Israel, can be briefly summarized as follows:

. . . special differentiation, and consequent division of labor, is the result of the process of industrialization. Thus it is a "normal" process and leads to the substitution of mechanical solidarity with organic. Social change-processes become dangerous to the balance which exists in a society only under certain conditions. One is the lack of moral norms governing economic life, a lack due to the discrepancy between the slow development of moral norms and the fast development of the production process. This "cultural lag" creates anomy." (1971, p. 144)

There has been no basic modification of the concept of anomie since it was proposed by Durkheim. Yet, some variations have arisen due to implementation of the concept in various analytic and social research efforts. Mostly, anomie is used in analyzing various conditions resulting from drastic processes of change that occur in a society or social group.

Anomie, as it was originally formulated, referred only to "social condition," that is, condition of "normlessness." Later, sociologists extended the term to include the state of mind in which the person has no firm sense of belonging to anything dependable or stabilizing. Talcott Parsons, Robert K. Merton, and Leo Srole are among those who developed and supported this later trend. It is from this context that anomie has been viewed as closely related to

or even identical with alienation. For example, M. Seeman has separated the concept of alienation into five components: Powerlessness, meaninglessness, normlessness, isolation and self-estrangement. To Seeman, normlessness is but the delimited concept of alienation. Yet, there are some sociologists who maintain a difference between anomie and alienation. Joachim Israel, for example, gives stress to this difference.

It is not unusual that in empirically-oriented sociological literature the subjective individual states are defined as alienation, whereas the objective social conditions or process are labelled anomia, in the sense in which Durkheim used the concept and which has been further developed in the theories of Merton. (1971, p. 7)

Regardless of how close the relation between anomie and alienation is, anomie--in its own properties as it was proposed by Durkheim--is explanative for the phenomenon under study. As has been quoted above, anomie is a result of the process of industrialization. The process of industrialization has created social differentiation, along with the consequent division of labor. The development of such division of labor is so fast that the previous moral norms which govern the previous order are always lagging behind. In this context, while such a situation is explanative for the existence of normlessness, it is also explanative for the symptom of the detaching process of an association (organization) from its previous setting. To say this more concretely, a local, small-size organization is still able to operate in the context of a local social system because both are in primary setting. But, after the organization grows into a large-scale type of organization, specific and separated regulations and norms are needed, since the local norms are no longer able to meet such a demand.

### Alienation

The concept of alienation used in this writing is very important in sociological studies. It is concerned with how certain social conditions create detachment of a social organization in both its external and internal setting.

The concept of alienation is a very controversial one. First, the term alienation denotes sociological as well as psychological meaning. Second, many have criticized the term alienation as too vague, broad, or ambiguous. Third, there are two approaches in studying alienation: (1) those which refer to various mental states such as powerlessness, meaninglessness, self-estrangement, etc.; and (2) those which refer to conditions that bring about these mental states.

With regard to the vagueness, broadness, and ambiguity of the term, some sociologists such as Joachim Israel, Arnold Kaufman, Frank Johnson, Theodore C. Denise, and others, propose the delimitation of the concept. Some others even discuss the eradication of the concept. This writing uses the term alienation to refer to the decrease in local control. Also, in this writing, the term alienation refers to conditions that bring about those mental states as described above (powerlessness, meaninglessness, self-estrangement, etc.) rather than dealing directly with those mental states.

As a key concept in the social sciences, alienation refers to various mental states often identified by such terms as "powerlessness," "meaninglessness," "anomie," and so on. Recent advances in sociological theory permit us to indicate systematically the social conditions linked with these states. (M. B. Scott in I. L. Horowitz, p. 239)

One of the social conditions that alienates a social organization from its societal setting is the development of division of labor; or, as described by

Joachim Israel (1971, p. 97), "the development of the factory system with a system of division of labor." Organization with such division of labor brings about the specialization of man or, in other words, brings about the existence of a fraction of man's total development, and limits the control he has in his life-- i. e. brings about alienation. The large-scale type of organization with its "iron laws" of objectivity and impersonality is the most representative picture for such a "factory system with a system of division of labor." Joachim Israel noted with regard to impersonality:

To express it in a different way, the individual no longer perceives himself as an active, industrious subject, but as a passive object without a will of his own. (1971, p. 44)

The alienating of a social organization from its societal setting and from its members, thus, can be clarified as follows:

1. Development of an organization into the large-scale type of organization, with its consequent secondary-orientation, brings about imbalance with the surroundings which are--to some degree--still in primary context.
2. The objectivity and impersonality characteristics of the large-scale type of organization bring about the separating process among components within the organization; i. e. , between leaders or managerial staff with members (including employees and members), and among members.

The following comments by Joachim Israel might give a proper illustration on such matters.

Thus, division of labor not only enforces upon man the activity which he is to undertake, and which therefore is outside his own control, but also introduces class differences. . . . It brings about the separation between the manual and intellectual aspects of the work and, therefore, prevents the individual from using all his capacities. During the development of industrialization manual skills become devaluated at the expense of intellectual skills. (1971, pp. 46-47)

### Influences of Such Conditions upon Social Organization

#### Rationality

The previous section has already pointed out that the Gesellschaftlich process does not occur at the same rate for all components within the system. This unbalanced process is one of those factors that creates alienation. To say this in a more proper way, such an unbalanced process creates the condition which causes alienation rather than causing alienation itself. To have a more complete picture of the alienation process as it occurs in the organizational setting of a co-op, one should deal with the nature and property of the Gesellschaft, itself.

Gesellschaft--as opposed to Gemeinschaft which is based on Wesenwille (natural will)--is based on Kurwille (rational will). Conclusively, Kurwille, due to its very nature, separates means from ends. This symptom is described by Pappenheim in the following work situation.

Kurwille directs us to choose the company of individuals towards whom we don't necessarily feel drawn. It may even lead us to suppress or conceal our dislikes, because we realize that it is useful to know the right people and to cultivate "friendship" with them. Thus in personal relations as in work Kurwille divorces means and ends. It makes us use human beings as tools for purposes which are not inherent in them but are devised by us. (1959, p. 73)

In F. Tonnies' writings, the relation between *Kurwille* and *Gesellschaft*, and the separation between means and ends, was not discussed in relation to alienation. Yet there is a closeness between F. Tonnies' separation of means from ends and Marx's concept of rationality which refers to the separation between man and means of production.

Though Tonnie's concept of *Kurwille* and Marx's concept of rationality are useful in explaining socioeconomic trends, it is Weber's concept of rationality which is most applicable.

Weber's concept of rationality cannot be separated from his idea on "economic action."

Action will be said to be "economically oriented" so far as, according to its subjective meaning, it is concerned with the satisfaction of a desire for "utilities" (Nutzleistungen). (Weber in Joachim Israel, 1971, p. 100)

With regard to economic action, Weber distinguishes between formal and substantive rationality. He defines formal rationality as: ". . . the extent of quantitative calculation or accounting which is technically possible and which is actually applied" (Weber in J. Israel, 1971, p. 100). In other words, as Joachim Israel noted, an economic system is formally rational to the extent to which all actions within the system can be expressed in a quantitative way. This means that they can be accounted for and computed and preferably can be expressed in money value.

The concept of substantive rationality, according to Weber, is full of ambiguities. He defines it as:

. . . the degree to which the provisioning of given groups of persons (no matter how delimited) with goods is shaped by economically

oriented social action under some criterion (past, present or potential) of ultimate values (Wertende Postulate), regardless of the nature of these ends. (Weber in J. Israel, 1971, p. 101)

Substantive rationality is viewed as equivalent to Marx's concept of rationality and thus does not take an important place in Weber's analysis. Conversely, formal rationality is viewed by Weber as a prime tool for analyzing our socio-economic trend. As J. Israel puts it: "Rational calculation is a precondition for the capitalistic mode of production, and formal rationality is in general one of its most important characteristics" (J. Israel, 1971, p. 102).

According to Weber, four phenomena can be derived from this principle of rationality: (1) "the spirit of capitalism," (2) the technical means with which an enterprise is managed, (3) the system of authority which is a consequence of the capitalist mode of production, namely, bureaucracy, (4) the social system.

With regard to such phenomena, the writer will deal mainly with bureaucracy. He considers bureaucracy to be a striking phenomenon of large-scale types of organization.

#### Bureaucracy

J. Israel indicates the relation of bureaucracy to rationality as follows:

Rationality, the possibility of accounting for the effect of one's actions, and bureaucracy, which is a consequence of this principle of rationality, have certainly been created by the capitalist development, as this development goes hand in hand with industrial and technical development. (1971, p. 99)

Carl J. Friedrich has also given some comments parallel to those of J. Israel's.

Max Weber's analysis of bureaucracy is one of the central points in his general sociology. His key concept of rationalization as a distinctive feature of modern society especially as linked to his

notion of a de-mystification of the world (*Entzuberung der Welt*), finds one of its concrete manifestations in bureaucracy and bureaucratization. (Carl J. Friedrich in R. K. Merton, 1952, p. 27)

Since bureaucracy is a form of rationality, then bureaucratic principles as they exist in formal organizations represent the ideal type of so-called "rational." The following definitions of bureaucracy make this point.

In a short and simple way Lewis A. Coser and Bernard Rosenberg define bureaucracy as follows: ". . . bureaucracy is that type of hierarchical organization which is designed rationally to coordinate the work of many individuals in pursuit of large-scale administrative tasks" (L.A. Coser and B. Rosenberg, 1959, p. 433).

A more complete definition has been given by Thomas F. Hoult in his "Dictionary of Modern Sociology" where he defines bureaucracy and bureaucratization as follows:

Formal organization of the officialdom of large-scale enterprise (e.g., government, military, economic, religious, educational), the ideal-type of such an organization being characterized by A) a clearly defined division of labor, including a careful specification of the decision-making power of particular individuals, so that there is an unambiguous chain-of-command among the hierarchy of officials, B) rationality (i.e., a business-like attention to implementing the goals of the organization), C) an impersonal application of rules that are regarded as all but inviolable, and D) routinization of tasks to the degree that personnel are easily replaceable; often used pejoratively relative to social organizations where there is a shift of attention from the ends of the organization to its sheer perpetuation, in which case the resulting rules and regulations become known as "red tape" and tendencies toward regimentation and centralized authority are termed "bureaucratization" (the latter term also being used to denote many of the processes that are involved as a social organization becomes formalized and institutionalized). (Thomas F. Hoult, 1969, p. 48)

Hoult's definition includes the characteristics of bureaucracy. In comparison, the characteristics of bureaucracy are listed by Victor A. Thompson as follows: (1) specialization, to assign each task to an expert; (2) merit appointment and job tenure, to ensure competent personnel; (3) formalistic impersonality, to see that a set of formal procedures is carried out impartially; and (4) a chain of command, to define each person's authority and responsibility (V.A. Thompson in P.B. Horton and C.L. Hunt, 1964, p. 223).

Generally speaking, there are no principle differences between the characteristics of bureaucracy as stated by Thompson and those implicitly expressed by T. F. Hoult in his definition of bureaucracy. Following is a schematic comparison between those two kinds of characteristics of bureaucracy:

<u>Hoult's concept</u>	<u>Thompson's concept</u>
--clearly-defined division of labor	--specialization
--impersonal application of rules	--formalistic impersonality
--rationality	--merit appointment and job tenure
--routinization of tasks	--chain of command

The last two points are not properly comparable as the first two; however, there is no major difference between the last two concepts.

#### Formality

While bureaucracy is a "patent" concept of Max Weber which is closely related to rationality, formality is a concept which is closely related to modernization. Both can refer to the same symptom--that is, our socioeconomic trends. Thus, from the writer's point of view, the concept of formality is just a different tool for analyzing the same object under study.

According to William H. Friedland, one of the crucial points in modernization is the increasing formalization of institutional arrangements: "The increased formalization that occurs within modernizing societies is related to the increase of their structural complexity" (1969, p. 38). There are some terms related to the word formality. Henry P. Fairchild has put the terms "formal" and "formalism" in his "Dictionary of Sociology." Formal, according to him, is ". . . pertaining to the form, structure, rules, or relationships that are found in society without regard to the meanings which are attached to them" (H.P. Fairchild, 1975, p. 123).

Formalism, on the other hand, is: ". . . the practice or the doctrine of strict adherence to the form, structure, rules, or relationships of society without regard to the meanings which are attached to them" (Fairchild, 1975, p. 123).

William H. Friedland, in his explanation of the modernization process, has distinguished between three concepts: formalism, formalization, and formal organization. Formalism describes the situation in which behavior is clearly and explicitly guided and controlled by charters. Formalization is a term describing the tendency to reduce normative behavior to a charter. Formal organization includes those types that have highly specific and limited goals and that exist by virtue of conscious agreement, explicitly arrived at and reduced to a written charter (Friedland, 1969, pp. 61-62).

With regard to formal organization, some examples mentioned by Neil J. Smelser (in Chandler Morse, 1969, p. 118) are: trade unions, social clubs, voluntary associations and special interest groups.

CHAPTER III  
STATEMENT OF PROBLEM AND HYPOTHESIS

Statement of the problem in this study is:

"Is there an indication that large-scale organization patterns have emerged in the operation of the BRVCA and if so, is there an indication that a reduction of local control has accompanied this emergence?"

Accordingly, the statement of the hypothesis is:

"The Bear River Valley Co-op Association has changed from small-scale into a larger-scale organization and that with this change there has been a reduction of local control as measured by scope of membership and the extent to which small neighborhood and community groups participate in the organization."

Some Propositions Used for Setting Up the Hypothesis

To develop such a hypothesis, propositions are made by using seven major sociological concepts as described previously. This section complements the Review of Literature in organizing such sociological concepts into propositions which lead to formulation of the hypothesis.

1. Two empirical figures, as described previously, need to be reemphasized: (1) the trend that rural and urban are becoming more alike; and

(2) that co-ops are decreasing in number but increasing in individual size since 1930.

2. These two indicators were used to help in the deductive process of formulating the hypothesis. In other words, the hypothesis will be proposed by articulating the seven major sociological concepts with those two empirical indicators.

3. The first indicator, the trend of closeness between rural and urban, is indicative for various purposes. It can be connected with the urbanization, disorganization process of rural life, etc. It also indicates the process of Gesellschaftlich taking place in the rural spheres. In this context, for the purpose of this thesis, it will be related mainly to the growing process of "detachment" of the various components from its previous institutional setting, or the detaching process of a co-op from its local and membership setting. Sociologically, this process will be best understood in reference to the concept of alienation. Thus, it might be more proper to say that parallel with the tendency of closeness between rural and urban, there will be growing "alienation" between the co-op and its membership. However, it must be noted that the term "alienation" to some sociologists is viewed as too abstract and vague.

4. Such a process of detachment can be clarified in reference to the phenomena arising from the contact and intervention between two systems. Gemeinschaft as one system and Gesellschaft as the other one, may create a state of "detachment" in both situations, mainly within the domain of the Gemeinschaft system since the course of the development is from Gemeinschaft

to Gesellschaft. Since those two systems are--as an ideal type--antagonistic to each other, a phenomenon which shifts from one system to the other will cause it to become isolated from the whole setting depending on which system the phenomenon belongs to. Thus, a state of isolation will occur when the system shifts from Gemeinschaft to Gesellschaft.

5. In more concrete terms relating to the practical purpose of this research, such an interaction between the Gemeinschaft and Gesellschaft system can be viewed as the interaction between local and larger systems. In this context, a phenomenon which is part of the local system will be implicitly under control of the system. If such a phenomenon is shifting to the larger system, then it is becoming out of control.

6. In fact, the Gesellschaftlich process does not absolutely replace the Gemeinschaftlich pattern in rural spheres. Accordingly, the pervasion of a larger system into the local domain does not mean vanishing of the local system. Thus, the Gesellschaftlich process might be influential to one or more of the components but not for all.

7. In short, the process of the closeness between rural and urban--i. e., the Gesellschaftlich process--can be expressed as follows: (1) the influence of the Gemeinschaftlich process is not proportional for all elements within the local system. It is influential for some elements but not for the rest; (2) accordingly, the creation of certain social conditions foster the detachment of some sociocultural elements from the local system or rural setting; then (3) such detached sociocultural elements become out of control (or are in the process of being separated).

8. The second symptom, the decreasing number of co-ops and increase of size of the organization, shows the internal condition or the organizational setting of the co-ops. Thus, the first symptom refers to the "societal setting" in which the co-op is located or operating, whereas the second symptom more specifically refers to the "organizational setting" of the co-ops. "Societal setting" is the sociocultural system (i.e., local system), local control, etc. The co-op is an element of the social system. For the co-op itself, as a form of organization, such a societal setting is just an external factor. The term "organizational setting," on the other hand, refers to the internal condition of the co-op organization. It implies the structural order and its functions, the goals, the regulations, the management of the co-op, etc.

9. The influences of the Gesellschaftlich process on the organizational setting and on the societal background are different in several ways. The Gesellschaftlich process in the societal background of the co-op deals mainly with social phenomena such as: social value, social norm, social stratification, social behavior, etc. In the organizational setting of the co-op the process deals mainly with business rationalization, formalization, bureaucratization, etc.

10. In a more conceptual sense, the Gesellschaftlich process in the organizational setting of the co-op will change its small-scale type of organization, which is identical with the characteristics of Gemeinschaft, into a large-scale type of organization, which is identical with the characteristics of Gesellschaft. Detachment of a co-op from its rural institutional setting results from the trend that the co-op absorbs the Gesellschaftlich process more than other societal elements.

11. For the practical purpose of this thesis, mainly dealing with its empirical verification, the term "local control" is used. The term "local control" represents the degree of control upon the co-op. Since local control is an aspect of the local system and therefore is identical with Gemeinschaft, the degree of local control the co-op has will be identical with the degree of Gemeinschaftlich characteristics the co-op still has. In this connection, small-scale type of organization is identical with Gemeinschaft and large-scale organization is identical with Gesellschaft.

#### Independent and Dependent Variables

The independent variable of the study is the "scale of organization," whereas its dependent variable is the "local control" of the Bear River Valley Co-op Association. In a schematic way, correlation between the independent and dependent variable can be described as follows:

<u>Local control</u>	<u>High</u>	<u>Low</u>
Large-scale organization	-	+
Small-scale organization	+	-

A further detailed clarification of these variables will be included in the next chapter.

## CHAPTER IV

### METHODOLOGY

It should be emphasized that this thesis is a descriptive and exploratory study. Unlike an experimental study which provides a fixed idea about all the things under study, this study is a tentative one. Due to this consideration the writer has used the qualitative technique because it allows a more flexible attitude towards the subject under study.

Since this study is descriptive, exploratory, and tentative, it does not intend to prove something such as most experimental studies do. Rather, it is an attempt to identify points that need further study. In this connection, setting up of the hypothesis in this study functions as a guideline of description rather than as a statement to be proved or disproved.

#### Content Analysis

A special technique used in this study is called "content analysis." Generally speaking, this technique is used to deal with the analysis of document(s). As E. R. Babbie puts it:

A content analyst codifies and analyzes documents for the purpose of making descriptive or explanatory assertions about the literature comprised of the documents, the author(s) of the documents, and/or the social milieu of which the documents are a part. He may analyze a nation's newspapers, a novelist's works of fiction, the language of legislative bills, and so forth. (1973, pp. 108-109)

Content analysis, like all research methods, has its advantages and disadvantages. One of the advantages content analysis has is that it provides a

systematic examination of materials that are more typically evaluated on an impressionistic basis.

Some weak points of content analysis are: (1) the type of documents selected for examination may not provide the most appropriate reflection of the variable under study; (2) scoring methods almost always have an arbitrary element.

#### Sources of Data

By using the content analysis technique, it is implied that this thesis is not greatly concerned with respondents, sampling technique, technique of interviewing, and other kinds of quantitative techniques. Some interviews were conducted during the field research, but they were very selective. The ones interviewed were being questioned as informants rather than as respondents.

The main sources of data; i.e., the kind of documents upon which the empirical verification of this thesis was conducted, are: (1) the minutes of all meetings from 1968 to 1977; (2) the Articles of Incorporation and By-Laws of the BRVCA.

Minutes of the meeting consist of spontaneous quotations of matters discussed during the meeting. Thus, it represents the living situation. Although it cannot reflect the whole picture, it is still representative for the general situation. In this way the minutes have an authentic value.

There are two versions of the Articles of Incorporation and By-Laws that have significant differences, e.g. the A.I.B.L. 1947 and the A.I.B.L. 1964. It is from such differences that the main part of the analysis is based.

### Chronological Steps of Field Research

The research was conducted in three stages: (1) preliminary study; (2) library research; and (3) field research. Preliminary study does not imply field orientation, pilot research and the like. It consists of a series of discussions with the adviser in order to improve the conceptual framework of the thesis.

Library research was a very important part of the research. As a matter of fact, it was not an exclusive stage; rather, it was a part of either preliminary or field research. It provided a substantial basis for the construction of the conceptual framework in the preliminary study. It also provided the materials for field study. Some of the relevant documents available in the library are: a booklet about Corinne, a textbook about Box Elder County, and some reading materials about the co-ops in Utah.

The field research was conducted in the Bear River Valley Co-op Association, Corinne, Box Elder County, Utah. It started July 8 and ended September 20, 1977. Seven field trips were made. The informant, with whom most interviews were conducted, was the manager of the BRVCA. He was very helpful and gave as much information as was needed. His position as manager of the co-op enabled him to give valuable information. Chronologically, all of the field contacts that have been conducted can be summarized as follows:

1. July 8, 1977: This was the first contact. At this initial stage, Dr. T. R. Black, the adviser, led and managed the meeting with the manager of the BRVCA. John Wark, a fellow graduate student who was very much interested in this field, attended the meeting along with the writer. Many topics were covered

in this meeting. The general description about the co-op (the BRVCA), including its historical background, was the most valuable discovery on this occasion.

2. July 13, 1977: The writer delivered written questions to the manager of the BRVCA. Some questions required complementary information from the first meeting. Other questions were basic to the whole analysis, such as the structure of the co-op, co-op members, business matters, etc.

3. July 21, 1977: The writer delivered more written questions that were developed from the previous ones. These questions were intended to be answered in writing by the manager of the BRVCA. Thus, there was no discus-sional context on this occasion.

4. August 10, 1977: On this occasion the manager of the co-op gave the writer a chance to look at the minutes of the meetings from 1968 to 1976. The minutes were handwritten and the only copy of the document the BRVCA had. There was not enough time at this meeting to copy the minutes.

5. August 15, 1977: The writer made a copy of the minutes. Since the minutes contained 96 pages, much time was needed to make the copy.

6. August 22, 1977: Besides having some discussions with the manager, the writer went through the copy of the minutes.

7. September 20, 1977: Some information required to complete previous questions was obtained. The minutes of the meetings during 1977 were collected, and the manager gave the writer a chance to make a copy of them.

8. November 17, 1977: The writer went to Corinne to meet Mr. Max Johnsen, manager of the Bear River Valley Co-op Association. The purpose

was to check the validity of the findings and conclusions. For this purpose, the writer showed the first and last chapters of his thesis. The first chapter was expected to provide Mr. Johnsen with the general overview of the thesis. The last chapter, consisting of Summary, Conclusions, and Recommendations, was expected to be evaluated by Mr. Johnsen in terms of its validity. One day before, Dr. Black had contacted Mr. Johnsen to make an appointment for the writer. The writer came to Corinne 15 minutes earlier than expected; however, Mr. Johnsen was ready to meet him. It took about 20 minutes for Mr. Johnsen to read the material. The writer then asked Mr. Johnsen, "Do you have any comment to make?" Mr. Johnsen said, "It is okay." Then he smiled and asked about the writer's family and his plans to return to Indonesia.

#### Operational Model

The operational model of the analysis, like most of those in social research, was based upon a hypothesis and a conceptual framework. The operational model includes a breakdown of all variables in the hypothesis in order to meet the demand of the field situation.

The hypothesis, as has been expressed in the previous chapter, is: The developmental course of the BRVCA is tending to become a large-scale type of organization (or part of a large system) and at the same time the local control is tending to decrease. From this hypothesis the variables implied are: (1) "the small or large-scale type of organization" as the independent variable; and (2) "the degree of local control" as the dependent variable.

As has been expressed in the theoretical framework of this thesis, conceptually, the large-scale type of organization is identical with Gesellschaft or secondary group. It is thus characterized by impersonality, rationality, formality, and the like. In contrast, a small-scale type of organization is identical with Gemeinschaft or primary group and is thus characterized by personality, intimacy, informality, etc. For the purpose of the operational model, this study uses three concepts to denote the characteristics of large-scale type of organization.

"Local control," is a variable which conceptually refers to the attachment of the co-op with its local and membership (social) basis. It can be viewed in several ways. In a more abstract way, the degree of local control the co-op has represents how much the co-op organization is still a part of the local system. More concretely, local control of the co-op can be seen or traced through: the participation of members in the co-op, the interdependency between the co-op and its members, the rights of the members, the decision-making process, the degree of involvement members have in the decision-making process, etc.

The theoretical concept of the variables is intended to meet their demands through the data at hand: (1) the Articles of Incorporation and By-Laws, 1947 and 1964; and (2) the minutes of the meetings from 1968 to 1977. In accordance with the nature and properties of these data, the independent and dependent variables are set up as follows: (1) the independent variables in their operational forms are bureaucracy, formality and business matters; and (2) the dependent variables consist of exclusive membership and social services.

CHAPTER V  
PRESENTATION AND ANALYSIS OF DATA

The present chapter presents the data that are used to explore the idea that the Bear River Valley Co-op Association has been changing from a small locally-controlled cooperative association to an association that has become part of a larger scale system where there is less concern with the thinking and involvement of members. It has been pointed out already that ideas developed from this exploration will be tentative and limited in terms of the methods of analysis used.

The analysis will be focused mainly on the differences between the content of the Articles of Incorporation and By-Laws (A.I.B.L.), 1947, and the A.I.B.L. 1964. By assuming that all of the articles in the A.I.B.L. represent the real situation/condition of the co-op, the degree of local control the BRVCA has and the course of development will be traceable from these regulations. The description of the roles played by the U.C.A. and CENEX upon the BRVCA will indicate to what extent the BRVCA is becoming involved in the larger co-op organization and in this way and to that extent how far away it is from its members.

The Bear River Valley Co-op Association (BRVCA)

The BRVCA was organized in 1947. According to Mr. Max Johnsen, the manager of the BRVCA, economics is one hundred percent the reason for the

existence of the co-op. A few farmers got together. They solicited funds and obtained \$10,000. They bought a carload of coal. They purchased barracks from military surplus in Idaho. Then, a loan of \$5,000 from J. Y. Ferry was used to set up upright fuel tanks. The U.C.A. helped them when they decided to get the barracks. In this connection, Mr. Justin Stewart and Mr. W. B. Robins from the U.C.A. were very active and helpful. They built an intimate relation with the U.C.A. at that time. When they purchased from the U.C.A., one of their board members became a board member on the U.C.A. At this early period of formation, the active ones in getting things going were: J. H. Norman, the first president, and J. Y. Ferry, the second president. Others who helped were Grover Harper, Ralph Forsgren, A. B. Smoot, A. W. Owens, and Eph Jensen. The first manager was Wayne Anderson from 1947 to 1949. In October 1949, Max Johnsen came to the job. Johnsen was born in East Garland, lived in Brigham City, and went to Honeyville to operate a grocery store with his brother. Then he replaced Don Holbrook who was the second manager for a short time.

Originally, the BRVCA served only Corinne and other small towns such as Honeyville. As the co-op grew, the area served reached to the north to include more of the county, up as far as the south part of Tremonton.

At first the barracks building, tanks, grease pit (open and full of snow in winter), and truck were all they had. Then a garage was built and there was no longer an open grease pit. Eph Jensen loaned the money to build the garage. In about 1948, they got a \$6,000 loan at Bear River Bank in Tremonton. To get this loan all members on the Board of Directors had to sign to guarantee security personally.

The co-op started with \$.50 membership fee. Mainly this was from those who put up the \$10,000. This \$10,000 was loaned at 4 percent, and later at 6 percent. The average input of \$100 (making the total of \$10,000) was collected in dollar units of \$25, \$50, and \$100. Sometimes the fifty-cent fee was paid by those who tried to get members and were soliciting memberships. The fifty-cent fee gave trouble to the Board of Directors so later they made the fee \$100. However, one could pay the \$100 in \$5 units. A person who has paid only \$5 can be a member of the Credit union. There are quite a few who joined for this reason. There are, thus, three kinds of members: (1) those who have fully paid up \$100; (2) those who have paid \$5 or multiples thereof on their way to becoming full members; and (3) those who have paid only the \$5 membership fee to be a member of the Credit Union. There are 162 members of the full-pledged type who have paid \$100. There are 356 of the other members.

The co-op has had the policy of returning 20 percent of the dividends each year with 80 percent to be issued in certificates to be paid later. At the present they have paid up to 1965 on certificates. Non-members can purchase co-op goods too, but they do not get the dividends. The co-op has to pay taxes on profits from such non-members at the end of the year.

Occupationally speaking most of the members are farmers. Only about 10 percent of them are part-time farmers. Most of this 10 percent are not actually engaged in farming but want to be in the Credit Union. As Johnsen commented, this kind of farmer will say: "Well, we are farmers because we have a garden." So Johnsen lets them in.

Meetings are an essential part of the existence of the co-op since all facets of the co-op, such as policy-making process, decision-making process, or other kinds of managerial processes, are conducted through this medium. There are several kinds of meetings. According to the Articles of Incorporation of the BRVCA, 1964, there are two kinds of members' meetings; i.e., annual meeting and special meeting, and there are two kinds of board meeting; i.e., board meeting and special board meeting. In fact, however, there are only two kinds of meetings--annual meeting and board members meeting. The latter is supposed to be held every month, yet in fact some variations can be seen from the following figures.

Table 2  
Frequency of Board Meetings

Year	No. of Meetings
1967	2
1968	3
1969	3
1970	3
1971	5
1972	2
1973	3
1974	11
1975	8
1976	13

In the earlier periods, board members did not meet as often. Frequently the president of the co-op would come to talk things over with the manager and many decisions were made this way. In recent times there are younger board members and they prefer to meet frequently.

They have had trouble getting people to the annual meeting. Persons who attend only occasionally and do not know what is going on are the ones who cause trouble when they do come to the meeting or when they otherwise have the opportunity to complain. Johnsen decided to try to get as many out to meetings as possible. He tries to have specialists come in the morning for instructional meetings, then at noon he has a good dinner paid for by the co-op, and before the annual dinner is over he starts the annual business meeting so people will not leave after dinner. He believes that the dinner is the best advertising or attraction. He does not believe in radio or newspaper advertising for the annual meetings. When they were with the U.C.A., the U.C.A. gave them 50 percent of the money needed to pay for the dinners at the annual meetings. Normally, at an annual meeting about 100 to 150 show up. A larger percent of the paid up members attend than do the others. Since Thiokol came into the county, some cannot attend the annual meeting because they work there in the daytime. Evening meetings are a problem, too, because so many church and other type of meetings in the evening draw members away.

In 1963, they started the fertilizer business. They did this in a small way before they had a building for it. Five hundred tons of storage was first made available; today they have capacity for 800 tons. Up to the present, fertilizer is ranked as number one in terms of its size of business. Gasoline is

second and chemicals are third. The price of the co-op cannot always be less at the time of purchase as compared to prices elsewhere, but there are the dividends that come later to make up for any higher price the co-op charges for an item.

Analysis of the Differences Between the A.I.B.L. 1947  
and the A.I.B.L. 1964

Introduction

The Articles of Incorporation and By-Laws (A.I.B.L.) and the legal rules of the BRVCA today are not the same A.I.B.L. of the BRVCA as in its early time. It was revised 12 years ago. The differences between the early A.I.B.L. (1947) and the latter (the A.I.B.L. 1964) are significant. It is from those differences that the changing process of the BRVCA will be analyzed in terms of the local control the BRVCA has, the pattern of development, and other related aspects.

There is no article in either A.I.B.L. (1947 or 1964) that exclusively expresses a reason or explanation(s) for revising the A.I.B.L. The By-Laws XV (amendments) of the BRVCA just deal with the basic regulation of amendments:

If notice of the character of the amendment proposed has been given in the notice of meeting, these By-Laws may be altered or amended at any regular or special meeting of the members by the affirmative vote of majority of the members present or voting by mail. (The A.I.B.L. 1964)

Another article, Article VIII (Amendment) of the Articles of Incorporation, just mentions the quota should be fulfilled (two-thirds of the members present or majority) whenever they want to change the A.I.B.L. In this way we can put the revision of the A.I.B.L. under the subject of analysis and interpretation.

General Differences Between the A.I.B.L. 1947  
and the A.I.B.L. 1964

A lot of differences can be found in comparing the A.I.B.L. 1947 to the A.I.B.L. 1964; however, not all of them are significant for the analysis. Some are so general that they express nothing about the matter discussed. Such differences, to mention just a few, are the number of articles in both A.I.B.L. and the name of the cooperative. The Articles of Incorporation 1947 contain ten articles, while those of 1964 contain only eight articles. By-Laws 1947 contain only eleven articles, while those of 1964 contain fifteen articles. According to the A.I.B.L. 1947, the name of the co-op was "Bear River Marketing Association" or as mentioned in its By-Laws, "The Bear River Cooperative Purchasing Association." According to the A.I.B.L. 1964, the name of the co-op is "Bear River Valley Cooperative Association."

Although theoretically the difference in the number of articles can explain the flexibility of a regulation or law (the fewer the number of articles, the more flexible the law), realistically, as far as the materials are concerned, such a difference is not discernible.

Some Significant Differences Between the Articles of  
Incorporation 1947 and the Articles of Incorporation 1964

First, some significant aspects of the differences between the A.I. 1947 and the A.I. 1964 can be noted from the "purposes" and "powers" of the cooperative (BRVCA).

1. The A.I. 1947 gave an exclusive priority to its members:

This association, however, shall not deal in products of and handle machinery, equipments, supplies, and perform services for non-members in an amount greater in annual value than such as are dealt in, handled or performed for or on behalf of its members; provided, further, that the value of the annual purchases made for persons who are neither members nor producers shall not exceed 15 percentum of the value of all its purchases. (Article IIa, the A.I. 1947)

To borrow money; to give a lien on any of its property as security therefore, in any manner permitted by law; and to make advances to its members . . . (Article IIb, A.I. 1947)

The A.I. 1964, on the other hand, is not so exclusive in this matter:

. . . to assemble, process, ship and market products produced by members and non-members and to exercise all such powers in capacity and on any cooperative basis that may be agreed upon. (Article II, the A.I. 1964).

2. The A.I. 1947 has a very detailed list of the kinds of business done by the co-op, such as:

. . . producing, assembling, marketing, buying, or selling agricultural products, or harvesting, preserving, drying, processing, manufacturing, blending, canning, packing, ginning, grading, storing, warehousing, handling, shipping, or utilizing such products, or manufacturing or marketing the by-products thereof; etc. (Article II, A.I. 1947)

The A.I. 1964, on the other hand, stated its purposes in such a way that it enables the BRVCA to include many kinds of businesses. In other words, in terms of business, the A.I. 1964 is more flexible than the A.I. 1942:

This association is formed for the following purposes: To carry on a general merchandising business by purchasing for its members and other patrons, goods, supplies and equipment; to manufacture, process, sell, store, handle, ship, distribute, furnish, supply and procure any and all such goods, supplies and equipment; to assemble, process, ship and market products produced by members and non-members and to exercise all such powers in any capacity and on any cooperative basis that may be agreed upon. (Article II, the A.I. 1964)

3. A very significant article has been inserted in the A.I. 1964 which was not in the A.I. 1947. Article IIIe reads:

(e) To cooperate with other similar associations in creating central, regional or national cooperative agencies for any of the purposes for which this Association is formed and to become a member or stockholder of such agencies as now or hereafter may be in existence. (Article III, the A.I. 1964)

This article is very significant, mainly dealing with changing the pattern of the "purposes" and "powers" of the co-op. It might indicate a symptom: that by the time the A.I.B.L. 1947 was being revised, the BRVCA had already developed to a degree of large-scale organization or part of it. Whatever possibilities might be accountable for the existence of this article, one thing is clear: Article IIIe gives the opportunity to the co-op of becoming a large-scale type of organization or part of it.

The second significant aspect of the differences between the A.I. 1947 and the A.I. 1964 deals with the co-op's membership in terms of residential and occupational. The A.I. 1947 stated exclusively that the applicant should be a farmer and reside in Box Elder County.

Any person 18 years of age, or over, and the wife or husband of any such person, who resides in Box Elder County, State of Utah, who is a producer of agricultural products and a client of the Farm Security Administration, United States Department of Agriculture, shall be eligible to membership in this association. (Article VIII, A.I. 1964)

The A.I. 1964, on the other hand, mentions nothing about the residence of the applicant, and co-op membership is open to both farmers and non-farmers (or at least it is not as rigid as in the A.I. 1947).

There is another article indicating a more personal touch in the A.I. 1947 than in the A.I. 1964. Article V of the A.I. 1947 states the names and addresses of the incorporators and board of directors; the A.I. 1964 mentions the names and years-terms-expire. In this context, it can be interpreted that "names and adresses" express an informal connotation while "names and years-terms-expire" are more formal.

From these three differences between the A.I. 1947 and the A.I. 1964, several points need to be reemphasized:

- (1) the A.I. 1947 give more exclusive treatment to its members, which is not so in the A.I. 1964;
- (2) the A.I. 1947 implies personal matters more than the A.I. 1964;
- (3) the A.I. 1947 has given such a detailed list of kinds of business matters to be done by the co-op that it limits the variety of businesses. The A.I. 1964, on the other hand, put only general items so that it will be able to include a large area of business.
- (4) the A.I. 1947 is also exclusive in its membership requirements; that is, in terms of occupation and residence. From another point of

view, this article has also indicated the fact that the A.I. 1947 had considered the local and rural basis of the BRVCA as important factors.

- (5) the A.I. 1964 inserted an article that enables the BRVCA to cooperate with larger cooperative organizations and therefore to be involved in its large-scale operation. This article indicates the fundamental change of the Articles of Incorporation of the BRVCA, in the sense that by the time the article was inserted, the BRVCA was moving away from its local and small-scale organizational setting.

#### Some Significant Differences Between the By-Laws

##### (B.L.) 1947 and the By-Laws 1964

Many differences exist between the B.L. 1947 and the B.L. 1964 in terms of articles on membership.

1. The B.L. 1947 give a very detailed itemization in the article of membership. There are seven sections for this article: qualification for membership, application for membership, records of members, withdrawal of member, expulsion of a member, termination of a member (including payment to expelled, withdrawing or otherwise terminating the member of his property interest in the association), and transfer of membership.

The B.L. 1964, on the other hand, have no detailed itemization for this matter.

2. The B.L. 1947 are dealing with "person" only, as can be seen from Section 1, Article IV.

Any person 18 years of age, or over, and the wife or husband of any such person, who resides in Box Elder County, State of Utah, who is a producer of agricultural products and a client of the Farm Security Administration, United States Department of Agriculture, shall be eligible to membership in this association. (Section 1, Article IV)

The B.L. 1964, on the other hand, do not just deal with "person" but also with "corporation."

Any person, firm, partnership, corporation, or association who can benefit by membership and who agrees to be patron of the Association and who pays \$100 membership fee and meets such other conditions as may be prescribed by the board of directors may become a member of the Association and be issued a membership certificate. (By-Laws II)

From such differences, some inferences can be brought forward. First, due to the detailed itemization of membership, the B.L. 1947 show deep attention to human relations. In this way it also can be interpreted as the existence of a close relationship between the co-op and its members. On the other hand, the absence of such detailed itemization in the B.L. 1964 indicates that by 1964, BRVCA became loosely connected and by comparison more remote from its members.

Second, the provision that the B.L. 1947 accepted only "person" as eligible for membership indicates that in 1947 the BRVCA viewed the human component as an important factor in its organizational setting. On the other hand, by accepting corporations and other associations, besides persons, as eligible for co-op membership, the B.L. 1964 tend to put individual members away from the organizational setting.

In its article of membership meetings, the B.L. 1947 points out a detailed item in the section on a quorum.

25 percent of the members of the Association shall constitute a quorum for the transaction of business at any regular or special meeting and no business shall be transacted at any meeting unless such quorum is present. If, however, such quorum shall not be present at any meeting the members present shall have power to adjourn the meeting from time to time without notice, other than announcement at the meeting until a quorum shall be present. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called. (Section 3, Article V)

The B. L. 1964 does not have such detailed items on the same matter.

Also, it does not maintain that 25 percent of the members should be present to constitute the quorum. In this case the B. L. 1964 has provided a flexible item: "Members present at any duly constituted meeting shall constitute a quorum for the transaction . . ." (Section 5, Article III). Such flexibility in the B.L. 1964 might have resulted from the problem of getting 25 percent of the members to attend meetings; however, it is still indicative of the fact that the participation of members in the decision-making process has been reduced to some degree.

There are five significant differences between the B.L. 1947 and the B.L. 1964 on its article of directors and officers:

1. Dealing with the number of board of directors' members. The B.L. 1947 set up a five-man board while the B.L. 1964 has a nine-man board. By having a nine-man board, it allows election every three years, rotating board members. This gives more continuity in the board.
2. Dealing with the qualification of directors. The B.L. 1947 demanded no requirement except membership in the Association for election as director. The B.L. 1964 has more requirements for the director:

Each director shall be a member of this Association in good standing. No person shall be eligible for the office of director if he is in competition with or is affiliated with any enterprise that is in competition with the Association. If a majority of the board of directors of the Association finds at any time, following a hearing, that any director is so engaged or affiliated or that he has failed to attend at least fifty per cent of the board meetings without adequate excuse, he shall thereupon cease to be director. (Section 1, By-Law IV)

3. The B.L. 1964 has more exclusive and detailed items on the duties (job-description) of both directors and officers. Duties of directors include: management of business, employment of manager, bonds and insurance, audits, and depository. Duties of the officers according to the B.L. 1964 include: duties of President, duties of Vice-President, duties of Secretary, and duties of Treasurer. The B.L. 1947 on the other hand, mentions nothing about the duties of directors, but does for the duties of officers. Duties of officers according to the B.L. 1947 include: duties of President, duties of Vice-President, duties of Secretary, duties of Treasurer, absence of Officers, and Funds.

4. Besides including more detailed articles on duties of directors and officers, the B.L. 1964 has also inserted a special article about "Executive Committee and other Committees" which consist of board members but have a special function.

Powers and Duties. The board of directors may in its discretion appoint from its own membership an executive committee of three members, determine their tenure of office and their powers and duties. The board of directors may allot to such executive committee all or any stated portion of the functions and powers of the board of directors, subject to the general direction, approval and control of the board.

Other Committees. The board of directors may, in its discretion appoint such other committees as may be necessary. (By-Law VII)

Such an article or its equivalent is not in the B.L. 1947. Also, the B.L. 1964 put a separate article about duties of the manager that includes duties in general, duty to account, and control of employees.

5. Besides all those specialties, the B.L. 1964 has still another article which is not in the B.L. 1947. This article is a very significant one as compared to the others. This article states that for the sake of business, board of directors are permitted to deviate from the B.L.:

Management of business. The board of directors shall have general supervision and control of the business and the affairs of the Association and shall make all rules and regulations not inconsistent with law or with these By-Laws for the management of the business and the guidance of the members, officers, employees and agents of the Association. It shall have installed an accounting system which shall be adequate to the requirements of the business and it shall be its duty to require proper records to be kept of all business transactions. (Section 1, By-Laws V)

From such differences, some significant points need to be reemphasized. In general, the B.L. 1964 represents the shifting point of the co-op concern; that is, from a social atmosphere, allowing members to enter into and therefore control it, to the atmosphere in which business matters become more and more important. The change in the number of board members which gives more continuity in the board membership, the selective qualification of directors, the detailed itemization on the duties of directors and officers, the setting up of Executive Committee and other Committees, and even the allowance of the board of directors to deviate from the By-Laws, all are indicative of the same symptom, i. e.: the process of the changing pattern of the BRVCA from its small-scale organizational setting that allows more local control to a large-scale organizational setting along with the co-op being uprooted from its members.

From another point of view, as Weber might say, such symptoms can be viewed as the growing process of bureaucracy which consequently will bring the co-op to a level of formalization and, thus, become more alienated from its members.

In its article on the Patrons and Patrons' Net Margin, the B. L. 1964 has pointed out:

There shall be no discrimination between member and non-member patrons in either the computation or payment of Patrons' Net Margins; provided, that if a non-member patron is eligible for membership when his share of Patrons' Net Margins shall equal \$100.00 such amount shall be applied to his membership fee. (Section 4, By-Law X)

There are at least two aspects in which the relevancy of such an article can be seen: (1) it shows that the BRVCA under the domain of the B. L. 1964 is no longer treating its members exclusively. It means that the co-op has been loosely related to its members; (2) the BRVCA had more or less serious problems to deal with concerning members. This might appear in various circumstances, such as: a lower degree of participation or loyalty of the members; the co-op cannot maintain an intimate relation with its members due to its development, etc.

Another point of difference between the B. L. 1947 and the B. L. 1964 is about "reserve fund" and "revolving fund." "Reserve fund" in the B. L. 1947 differs principally from "revolving fund" in the B. L. 1964 in at least two respects: (1) reserve fund has a passive while revolving fund has an active connotation both in obtaining and spending the fund; reserve fund is provided just for unpredictable events such as unforeseen losses, while revolving fund is used broadly for business activities and purposes; (2) reserve fund is spent for

social purposes rather than for economic purposes like those of the revolving fund. These symptoms can be expressed by comparing the related articles.

The B.L. 1947 says:

The reserve fund shall be maintained for the purposes of unforeseen losses due to depreciation of equipment, fire, theft, and other causes, for the purchases of the membership and property interest of withdrawing, expelled, deceased, or incompetent members, for the extension of the Association as a cooperative, or any program of social welfare or insurance or other development directly associated with the benefits of the members of this association through the cooperative movement which shall be decided by a general meeting of the members or for such other purposes as the Board of Directors may determine. (Section 1, Article IX)

The B.L. 1964 says:

Purpose. This association shall establish and maintain a revolving fund for the purpose of acquiring and maintaining adequate capital to finance its business.

Investment and Fund. This Association may require investment by patrons in its revolving fund in an amount equal to said patron's Patrons' Net Margins for the fiscal year in which such investment is required of him and shall be proportionate to the investment required of other patrons; . . .

Operation. Investments in the revolving fund need not be segregated from, but on the contrary, may be invested in or co-mingled with any other assets of this Association. No dividend, interest or any other income shall be declared or paid on account of any net credits in the revolving fund in excess of eight per cent per annum. This Association shall own a first lien on revolving fund credit against indebtedness of the holders thereof to this Association.

Repayment. If and when in the judgment of the board of directors the net balance in the revolving fund shall exceed the amount of capital reasonably needed by the Association, it shall apply such excess to the retirement, in full or pro rata, of any or all the net credits in the revolving fund; . . .

Transfer. No assignment or transfer of any revolving fund credits shall be binding on this Association without the consent of the board of directors nor until it shall have been entered in the books of this Association. (Section 1 to 5, By-Law XI)

In addition, with regard to the degree of formality and business-type similarity that has been reached by the BRVCA as represented by the By-Law 1964, there are still two articles that should be taken into account, i. e.: By-Law XII and By-Law XIII. There is not an article in the B. L. 1947 which is similar or equivalent to these two articles.

By-Law XII refers to dissolution.

Upon the dissolution of this Association, all debts and liabilities of this Association shall first be paid according to their respective priorities. The holders of credits in the revolving fund shall then be paid the amount of their credits in said fund. Holders of membership in the Association shall then be paid an amount equal to the membership fee which they paid in order to acquire membership in the Association. Any remainder of such property shall be distributed among the patrons who patronized the Association during the five fiscal years immediately preceding dissolution on the basis of their respective patronage as shown by the records of this Association. (By-Law XII)

By-Law XIII refers to unclaimed money.

A claim for money against the Association shall be subject to the provisions of this section whenever the Association is ready, able and willing to pay such claim and has paid or is paying generally claims arising under similar circumstances, but payment of such claim cannot be made for the reason that the Association does not know the whereabouts of mail address of the one to whom it is payable or the one entitled to payment. If such claim be not actually paid within a period of one year after it became payable as herein provided, the Association shall remove the claim as a liability on its books; provided that no such removal shall be made unless at least thirty days prior thereof the Association shall have sent by registered United States post, with the return receipt requested, a written notice of the proposed removal, addressed to the person appearing from the Association's records to be entitled to payment of such money at the last address of such person shown by the records of the Association. Any and all amounts recovered by the Association pursuant to this Article, after deducting therefrom the amount of any taxes payable thereon, shall be placed in the general reserve. Any claim paid after the expiration of the period of years herein specified shall be deducted from such account. (By-Law XIII)

Finally, in contrast with the last two points of difference between the B.L. 1947 and the B.L. 1964, there is a special article in the B.L. 1947 which is not in the B.L. 1964; i. e., Article X about "Group Meetings."

Section 1. It shall be the duty of the members of this Association to discuss with their fellow members in their respective communities, at informal meetings held in their respective neighborhoods, the common problems and needs of such members and to present their recommendations for action to the Board of Directors. It shall be the further duty of such members to discuss at such informal group meetings their individual responsibilities for carrying out the programs developed for their mutual benefit.

Section 2. The Board of Directors will, from time to time, develop and carry out plans for conducting the various activities of the Association. In doing so, the Directors shall give due consideration to recommendations made by groups of members at the informal meetings held by such groups in their respective communities. (Section 1 and 2, Article X)

This article is very significant in some aspects. (1) It functions as a vehicle to articulate the co-op with its members not only in terms of economics but also in social things. (2) It gives a strong local basis to the extent that it will bring about a social and human atmosphere in the organizational setting of the co-op. (3) It enables the co-op to become an organic part of the local social system. (4) It enables the members to have more control upon the co-op in terms of decision and policy-making processes and other kinds of participation.

#### Some Inferences on the Differences between the

#### A.I.B.L. 1947 and the A.I.B.L. 1964

In accordance with the objectives of this study, all inferences on the differences between the A.I.B.L. 1947 and the A.I.B.L. 1964 will be concerned with two main questions:

1. How far has the BRVCA changed from a small-scale into a large-scale type of organization?
2. How far is the degree of local control (that BRVCA has) being influenced by such a trend?

As has been described in Chapter IV (Methodology), questions will be answered and verified according to certain indicators along with management of the data analysis. The independent variable--the scale of organization--includes mainly three indicators: formality, bureaucracy, and business matter--the degree of which will indicate the organizational scale of the co-op. The dependent variable--local control--includes mainly two indicators: exclusive membership and social service--the degree of which will indicate the trend of the alienating process of the co-op. Such indicators, however, will not be used as an exclusive technique of verifying, such as those used in the quantitative approach. Rather, it is used only as a bridge articulating the data with the concept, i. e., variables.

With regard to such a framework of analysis, some inferences dealing with the differences between the A.I.B.L. 1947 and the A.I.B.L. 1964 are:

1. The BRVCA under the domain of the A.I.B.L. 1947 was a small-scale organization. With the A.I.B.L. 1964, the BRVCA is now a large-scale type of organization. It has a higher degree of formality and bureaucracy than in 1947.

One indication, as described above, is that there are no exclusive articles in the A.I.B.L. 1947 dealing with the qualifications of directors. The same matter in the A.I.B.L. 1964 provides it exclusively in Section 1, B.L. IV.

Another indication is the setting up of a nine-man board in the A.I.B.L. 1964 to the extent that it gives more continuity in the board; whereas the A.I.B.L. 1947 provided only a five-man board.

The setting up of articles which exclusively deal with job description of directors, officers, and manager in B.L. V, B.L. IV, and B.L. VIII, 1964 also indicates the change to a large-scale type of organization. The A.I.B.L. 1947 set up only one article, Article VI, which implicitly included the requirements, electional process, meeting, removal, and duties of directors. An exclusive article about Executive Committees and other Committees has been included in the B.L. 1964 which was not in the A.I.B.L. 1947.

The A.I.B.L. 1964 shows more concern for economic matters than the A.I.B.L. 1947, as can be seen from some of the following points. First, in Article IIIe, the A.I. 1964 permits the BRVCA to cooperate with the big co-op organization and thus fosters the co-op into a large-scale type of organization. Second, B.L. II, 1964, which includes corporations or associations eligible for its members, also shows more concern in economic matters, since such relationships tend to be based upon a beneficial basis. Third, Section 1, B.L. V, which permits the Association to deviate from the Law and By-Laws for the sake of management business, is very indicative of how much the A.I.B.L. 1964 is concerned with economic matters. Fourth, Section 1 to 5, B.L. XI, about the revolving fund, shows how active and purposeful the B.L. 1964 is in obtaining and spending money for the sake of management business. Fifth, setting up of both B.L. XII and XIII in the A.I.B.L. 1964 shows the great concern for economic matters as well as the judicial aspect of the Association.

2. The degree of local control that the BRVCA had when it was still under the A.I.B.L. 1947 has decreased as compared to control of the A.I.B.L. 1964. In terms of exclusive membership, the following points can be considered. First, Article IIa and b, the A.I. 1947 differentiates members from non-members in performing services and money lending, whereas Article II, the A.I. 1964 is indifferent to such matters. Second, Article VIII, the A.I. 1947, sets up more strict requirements of membership than those of the A.I. 1964, such as age, residence, and occupation (producer of agricultural product).

Third, Article IV, the B.L. 1947 is stronger and adds detail to the same matter stated by article VIII, the A.I. 1947. Article III, the B.L. 1964 puts nothing in detail for the same matter.

Fourth, Section 3, Article V, B.L. 1947, that determines 25% of the members as the minimum amount required in constituting a quorum for transaction business, is much more exclusive than Section 4, B.L.X., 1964, which provides no discrimination between member and non-member.

In terms of social services the BRVCA has given, some articles can be referred to in the A.I.B.L. 1947 that put more accent on such matters than the A.I.B.L. 1964. First, Section 1, Article IX, B.L. 1947, pertains to the way of obtaining and the purposes of "the reserved fund." It deals, to a large extent, with social items such as social welfare, insurance, and the revolving fund, as stated by Sections 1 to 5. B.L. XI, 1964, on the other hand, refers very strongly to economic (business) matters.

Second, Sections 1 and 2, Article X, B.L. 1964, are very significant in indicating the intensity of interest in social services of the BRVCA when it was

still under the domain of the B.L. 1947. Substantially, this article is very fundamental for the existence of the co-op as a social organization.

In general, thus, the differences between the contents of the A.I.B.L. 1947 and those of the A.I.B.L. 1964 indicate that the BRVCA is becoming a large-scale type of organization (or part of a large organization) and at the same time becoming loosely related to its members and local basis.

The Relationship between the BRVCA,  
the U.C.A. and CENEX

A description of the relation between the BRVCA, the U.C.A., and CENEX is part of the empirical verification of the main question in the first objective of this study. The question is: How far has the BRVCA changed from a small-scale to large-scale type of organization? The above discussion reveals that the BRVCA has changed, to a certain degree, to a large-scale type of organization (or part of it) and at the same time the local control has decreased progressively.

Such a verification, however, is based upon presupposed conditions which are projected by the differences in content between the A.I.B.L. 1947 and the A.I.B.L. 1964.

This part of the thesis, on the other hand, is a description which is based upon the living or real conditions of the BRVCA, since the data implied are taken from the minutes of all meetings from 1968 to 1977. The limitation to this approach is that all minutes of the meetings before 1964 to 1947 are not available.

Thus, the description is based only upon the actual conditions of the BRVCA under the domain of the A.I.B.L. 1964.

In general, the U.C.A. and CENEX have fostered the change of the BRVCA into a large-scale type of organization. However, it does not mean that the BRVCA has been uprooted completely from its local and social basis. As expressed by the manager of the BRVCA, one of the problems of a co-op is to keep records on each member. A regular private business does not have this big job. Because the co-op has these records on an individual basis, many members come to the co-op to get financial figures when it comes time for them to prepare their income tax forms. Because of this the co-op has quite a lot of extra work, and some of the persons figure that one of the responsibilities of the co-op is to provide this information. However, most of the members do not take this attitude and really appreciate this extra work of the co-op. This work serves as a good public relations program for the co-op. In this connection, the co-op sends persons to the farms to fix fires for members. This, too, is part of their service. According to the manager of the BRVCA, these kinds of things are the reasons the co-op exists.

#### The Differences between the U.C.A. and CENEX

##### in Its Influences upon the BRVCA

The BRVCA has cooperated with the U.C.A. from 1947 to May 1, 1976, and started to cooperate with CENEX afterwards. Since cooperation with U.C.A. and CENEX was not simultaneous, their influences upon the BRVCA cannot be depicted objectively. According to the manager of the BRVCA, agreement with

CENEX is no more formal than the agreement was with U.C.A. earlier. The advantage with CENEX is that they can save money because of its bigness, enabling them to buy cheaper and thus sell to the BRVCA cheaper. CENEX buys from other regional co-ops and makes savings. The BRVCA has \$175,000 in equities with the U.C.A. which CENEX is now paying. For the first five months of the year they got back from CENEX a total of \$31,000, twenty percent of which was in cash and the rest in certificates. By buying through CENEX they have saved twelve percent on their fertilizer. They do not have a member of their board on CENEX like they used to have with U.C.A. They figured that U.C.A. was part of their organization. They do not feel quite this way with CENEX.

With CENEX some of the warehousing problems have been solved. They get most stuff directly from CENEX without it first going into the U.C.A. warehouse in Salt Lake City. For fill-in items they have more of a problem now than they used to have with the U.C.A. They could run to Salt Lake in their truck and pick up fill-in items which they cannot do with CENEX.

Another problem is that any errors are now more difficult to correct than they used to be with the U.C.A.

In general, so far as the data are concerned, the influences of the U.C.A. and CENEX upon the BRVCA can be classified as gradual rather than categorical in character. Both have fostered the BRVCA into a large-scale type of organization. The difference is in dealing with the portion they have contributed.

The Role That U.C.A. and CENEX Have Played

upon the BRVCA

Since differences between the U.C.A. and CENEX are gradual in character, there will be no sharp contrast between the two. In this way the description of the involvement of the U.C.A. and CENEX in the BRVCA will not be arranged in a comparative way. Rather, it will be arranged chronologically in accordance with the sequence of meetings that have been held by the BRVCA.

Accordingly, the involvement of the U.C.A. in the BRVCA can be seen from the following cases.

1. In 1969: During the annual meeting, the U.C.A. was represented by Bob Trottier who gave a talk and report. He also praised the growth of the BRVCA.

During the board meeting held on February 6, Mr. Ellison from U.C.A. proposed an idea about mint-program. His idea was based on his experiment in the State of Washington. It was getting a very positive response from the BRVCA. Max Johnsen, the manager of the BRVCA, had been to Washington for this effort, and after just one board meeting, two of the board members had held the mint experiment with five acres of each.

2. In 1970: In a board meeting held on January 6, Mr. Wellard had explained the grain corn possibilities and after having some discussion it was felt that there could be 1,000 acres of grain corn contracted in Box Elder County, and that the BRVCA in conjunction with the U.C.A. should proceed with it.

During the annual meeting of the year, Mr. W. B. Robins, the general manager of the U.C.A., gave an address on small herds or large cattle which

would be profitable. Utah, due to its location was in a good position to feed cattle, having access to several markets.

In a board meeting on February 11th, Max Johnsen explained that the grain corn program was progressing favorably and felt the 1,000 acres the BRVCA had started would be available. And if so, the U.C.A. would install a dryer at Corrinne.

3. In 1971: With regard to the corn business that had problems caused by unfavorable weather, after thorough discussion in a board meeting on January 13, it was decided that the U.C.A. would continue to own the dryer and finance a building to house it at Corinne.

During the annual meeting of the year, Mr. W. B. Robins had expressed some great ideas: (1) He gave an address on the challenge for cooperatives; (2) He commented on having the ladies invited and having a special meeting for them; (3) He brought out that the BRVCA and 18 other such cooperatives made up the U.C.A. and explained the necessity of cooperatives merging, especially the U.C.A. and Intermountain Farmers; (4) He also made mention of the livestock industry and the strategic position of Utah as a livestock center. In the meeting held on January 26, Mr. Robins discussed the advantages and disadvantages of volume buying and volume discounts and after a question and answer discussion, Mr. Robins recommended that the BRVCA adopt volume buying and volume discounts to the larger users.

4. In 1972: Mr. W. B. Robins stated in the annual meeting of the year that the BRVCA was the U.C.A.'s largest customer. He also made mention of cattle feeding and felt more feeding could profitably be done in Utah. He also

predicted that a steady income would increase in agriculture over the next ten years.

In the board meeting held on September 5, when Lee asked how the BRVCA's profit compared with other cooperatives in the State, Bob Bess of the U.C.A. said that the margins were comparable with other cooperatives, and felt that the BRVCA operation was just right.

5. In 1973: Lloyd Hubbard, whose term as the U.C.A.'s board member had expired, continued on another term by decision of the board of the BRVCA. In the board meeting held on January 16, the U.C.A. encouraged the BRVCA to continue with the mint-program. They even issued the U.C.A.'s Control Certification to protect the mint plant from getting disease.

During the annual meeting of the year, Mr. Robins stated that he was optimistic. He complimented the BRVCA on a good year as their sales had reached nearly a million dollars. Agriculture in Utah, according to him was continually growing. Yet, he talked about the gas shortage and warned the BRVCA of this fact. Also during the board meeting held on May 3, Mr. Robins tried to impress upon the BRVCA board members about the seriousness of gas shortage.

6. In 1974: In the annual meeting of this year, Mr. Robins expressed the pleasure of U.C.A. working with the BRVCA and praised the BRVCA for its ability to move ahead and keep improving. On this occasion, he brought out some of the benefits that come from working with the larger co-ops. In the board meeting on January 29, Max Johnsen explained that even though the BRVCA can buy materials elsewhere, he felt it was better to deal with the U.C.A. for many reasons. It was not merely due to the fact that the BRVCA was affiliated with

the U.C.A. , but for other reasons dealing with business matters such as benefits of getting what they need, discounts and patronage refunds handed down from farmland to U.C.A. since it is Utah based and closer to the BRVCA operation. During the board meeting held on March 7, Max Johnsen, the manager of the BRVCA, explained the raising of wages and pension for employees--pension was under U.C.A. administration. In the board meeting held on June 5, the board members discussed the possibility of working with the U.C.A. on a deal to store and bag the fertilizer during the slack time, but after a lengthy discussion during the board meeting on November 7, some of the board members felt it would not work very well.

7. In 1975: During the board meeting held on June 5, the U.C.A. invited the BRVCA board members to the next meeting session to be held at the U.C.A. The BRVCA board members who attended the U.C.A. meeting gave a report at the board meeting on October 2. The report was viewed by all the board members as worthwhile and enjoyable.

8. In 1976: During the annual meeting of the year, when the time was turned to Mr. W. B. Robins for delivering a speech, he introduced the luncheon speaker: Mr. A. J. Oukrop, vice-president of marketing of CENEX Corporation. Mr. Oukrop gave a very fine slide presentation of the CENEX Corporation, and showed how CENEX ties in with both production and marketing of the many product lines available through CENEX. He also talked about past agriculture and the role agricultural products will play in the future.

In the board meeting held on April 1, the main subjects to be discussed were: (1) CENEX takeover on May 1, 1976, 3,500 items handled by the U.C.A.;

(2) 35,000 items are available through CENEX; (3) need to determine what was to be done with the money coming from CENEX for the BRVCA stock in the U. C. A.

The involvement of CENEX in the BRVCA from May 1976 to August 1977, chronologically can be described as the following:

1. During the board meeting held on January 5, CENEX together with local co-op, Farmers Union had decided to sponsor the young couple meeting. Then long-range needs of the co-op were discussed, possibly to use some of the money that would be paid by CENEX for the U. C. A. certificate.

2. During the board meeting at Maddox, January 26, Lloyd Hubbard, a board member of the BRVCA discussed the co-op merging with CENEX. On this occasion, a motion was made to check the By-Laws of the BRVCA.

3. During the board meeting held at Corinne, February 2, it was felt that the legality of the co-op's By-Laws needed to be checked. A motion was made by Vernon Johnson to have the By-Laws checked by CENEX's attorney to see if it was okay for the co-op operation.

4. During the annual meeting held at the Community Center, Brigham City, on February 23, Lloyd Hubbard, the vice-president of the board talked about the co-op -CENEX merger. On that occasion Paul Rein from CENEX showed some slides on facilities owned by C. F. Industries, the fertilizer manufacturer for CENEX and 18 other organizations. Dixie Lee Riddle, the BRVCA's personnel manager, who became CENEX's board member, talked about the oil and gas refining operations owned by CENEX and local co-ops. He also talked about the relationship between CENEX and the local co-op.

In the question-and-answer session there was a question from the floor, "Does CENEX have any representation in Washington to look out for our interest?" The answer was, "Yes, indirectly through another organ."

5. During the board meeting held at Corinne on April 7, Mr. Vernon Johnson discussed the sprayer that had been ordered from CENEX and also discussed the future expansion of the co-op.

6. During the board meeting at Corinne, May 4, Mr. Felton from CENEX made a film-strip presentation concerning the many product lines available through CENEX. Another presentation was also made on a new fiscal aids training program. On that occasion CENEX also made a presentation about the "Management Apprentice Program" that had been developed by them.

7. During the board meeting on June 1, CENEX made a statement on the undertaking of patronage refund.

8. During the board meeting at Corinne, July 6, among the matters discussed was that Liability Insurance through CENEX would cost \$1,000 per year and would cover the nine directors and manager. Mitch Fukui made a motion about the fertilizer trade program as presented by CENEX. The motion was seconded by Vernon Johnson and passed by those present. The figure set up by the board was \$150,000.

With regard to the above description, some general conclusions on the role that U.C.A. and CENEX have played upon the BRVCA can be pointed out:

1. The U.C.A. participated in every annual meeting of the BRVCA. The speeches or messages given by the U.C.A. officials (mostly by president of the U.C.A.) were not dealing just with formal matters, but also with some substantial ideas about how the BRVCA was directed and managed.

2. The U.C.A. and CENEX also participated in most of the BRVCA's board meetings. This participation was very indicative as to how far the U.C.A. and CENEX were influential upon the BRVCA since both have a very decisive role not only in business matters but also in the programming and policy-making process. However, the relationship between them and the BRVCA might best be classified into a kind of "organic and functional relation" rather than a formal structural relation.

3. Although there is no rigid hierarchical relation between the BRVCA and the U.C.A. and CENEX, in most cases it could be seen that the U.C.A. and CENEX are in the position of giving direction on co-op management.

CHAPTER VI  
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

This study is about the Bear River Valley Co-op Association. The objectives of this study were: (1) to give a description of how far the Bear River Valley Co-op Association has changed from a small-scale to a large-scale type of organization; and (2) to give an indication of how the degree of local control of the Bear River Valley Co-op Association has been influenced by such a trend.

To accomplish these objectives, some sociological concepts were applied: evolutionary perspective, Gemeinschaft-Gesellschaft, anomie, alienation, rationality, bureaucracy, and formality. The first four concepts were used to help explain the societal setting as it relates to co-ops. The next three concepts were used to help explain the internal organization of the co-ops as a social organization.

A brief history of the co-ops in the United States was given to help the reader obtain a more comprehensive and concrete understanding of co-ops in general and of the co-ops in this study.

The hypothesis stated in a general manner is that the larger the scale of the cooperative organization, the smaller the degree of local control. The specific hypothesis for this study was that the Bear River Valley Co-op Association has changed from small-scale to larger scale organization and that with

this change there has been a reduction of local control as measured by scope of membership and the extent to which small neighborhood and community groups participate in the organization.

The method used in this study was content analysis. The main sources of data were: The Articles of Incorporation and By-Laws of the BRVCA, 1947 and 1964, and the minutes of meetings from 1968 to 1977.

The data gathered were analyzed in terms of the stated hypothesis and the operational model. First, and most important, a comparison was made between the contents of the A.I.B.L. 1947 and 1964. Subsequently, a description on the involvement of the BRVCA with both UCA and CENEX was given to complement and strengthen the findings of the first analysis.

#### Conclusions

1. The Bear River Valley Co-op Association today, as compared to the early period of its formation, has grown and changed from small-scale to a larger scale organization pattern.
2. This change is made evident by the existence of a greater degree of formality and bureaucracy in its present organization than existed in the early period of its formation. Additional evidence is reflected in the greater concern for business matters today than was the case in its early period.
3. Correlated with this change toward large-scale organization has been a decrease in local control which previously appeared as a predominant characteristic of the organization. Such a decrease in local control is evidenced by two tendencies. First, the Bear River Valley Co-op Association has not treated its

members exclusively as in the early period of its formation. Second, the Bear River Valley Co-op Association has not been as concerned in recent times with efforts to encourage local neighborhood and community to discuss common problems and needs of members, to encourage Board of Directors to consider ideas and recommendations emerging from these discussions, and to encourage individual members in such local groups to share in the responsibility of carrying out the program of the co-op.

#### Recommendations for Future Study and Experimentation

In making suggestions for future studies the writer wishes to emphasize that the present study was limited methodologically to content analysis. The findings are to be considered tentative. The hypothesis of the study has been tested only in a very limited way. The hypothesis needs further testing. This research while strengthening the hypothesis, was only a beginning. What is needed now, and is here recommended, is that a quantitative study be undertaken to check our findings. Also, further qualitative analysis than given here might be pursued. Such further study could also examine: the formation process of hierarchical system within organization, the changing pattern in the relationship between employees and co-op members, the changing pattern and degree of members' participation, etc. Such findings might be fruitful both for theoretical and practical purposes. One of these practical purposes would come in answering the question, "What factor(s) is(are) significantly needed for the development of a co-op?" An answer to such a question is worthwhile in most developing countries.

This study is a tentative and limited one. All the findings and conclusions are based on the regulation (Articles of Incorporation and By-Laws) and minutes of the meetings of the co-op. From this study there is indication that the relationship between co-op and members has become more formal and secondary-oriented with less small-group orientation. The trend seems to have been in the direction of greater concern on business matters and less on member relations, more toward economic and less toward social group elements.

However, this study is tentative; in it there were no direct contacts with co-op members. A further study based on direct contact with co-op members could clarify their relation to the co-op and to each other as co-op members. From the literature on co-ops, it appears that some efforts are needed in American co-ops to maintain or improve member relations. These efforts should be in the direction of developing more primary group orientations. These efforts would support in a very significant way: (1) The Rochdale principles that are inherent with co-ops in general; and (2) the primary context in which a rural co-op exists.

In this connection, a study of contemporary literature on co-ops suggests the significance of cooperative education in improving member relations as well as other problem aspects of co-ops today. In "American Cooperation, 1975-76" edited by Beryle Stanton, some topics on cooperative education have been brought forward by prominent figures in recent American cooperatives such as Keith Bandy, Owen K. Hallberg, Linda Ortner, etc.

Keith Bandy has brought forward "three issues challenging cooperative education:" (1) education is a never-ending responsibility; (2) cooperatives

need to improve the knowledge of employees about cooperatives; (3) attitudes of the individual toward education has more to do with learning than anything else. At the end of his views, based on those three issues, Keith Bandy proposes some constructive ideas on the cooperative education.

Owen K. Hallberg, based on his research, has concluded that director, member, and management, have the highest priority for programs of cooperative education. In addition, based on the same research, he also concludes that cooperative education was insufficient.

Linda Ortner, who is Miss AIC (American Institute of Cooperation) has talked at many meetings explaining cooperatives and the American Institute of Cooperation. These are just merely a very few examples on the importance of the role of cooperative education today.

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## APPENDIXES

Appendix A  
Articles of Incorporation  
of  
Bear River Valley Cooperative Association  
 (As Restated March 26, 1964)

(A non-profit, non-stock cooperative association, organized under Title 18, Chapter 6, Utah Code Annotated, 1953)

STATE OF UTAH                    )  
   ) ss:  
 COUNTY OF BOX ELDER        )

I do solemnly swear that at a meeting of the members of the Bear River Valley Cooperative Association held at the Corinne L.D.S. Ward Meeting House in Corinne, Box Elder County, Utah, on the 26th day of March, 1964, upon notice given in advance by mail to all members of record more than ten days prior to said meeting in accordance with existing provisions of the Articles of Incorporation as follows:

NOTICE OF MEETING OF THE BEAR RIVER CO-OP

A meeting of the members of the Bear River Valley Cooperative Association is called for March 26, 1964, at 7:00 p.m. at the Corinne L.D.S. Ward Meeting House in Corinne, Utah, to consider restatement of the Articles of Incorporation and By-Laws of the Co-op which will open its official membership to non-farmers as well as farmers and generally bring the revolving fund provisions into compliance with the practices of the Internal Revenue Service and to permit redemption of a portion of current refund certificates before the full payment has been made for all previously issued certificates.

That it was decided by a majority vote of the members at said meeting and by ballots cast prior thereto, in all constituting a majority vote of the total membership of said Co-op, to restate the Articles so that said Articles of said Co-op shall read and provide as follows:

Article I  
Name

The name of the Association shall be the Bear River Valley Cooperative Association.

Article II  
Purposes

This Association is formed for the following purposes: To carry on a general merchandising business by purchasing for its members and other patrons, goods, supplies and equipment; to manufacture, process, sell, store, handle, ship, distribute, furnish, supply and procure any and all such goods, supplies and equipment; to assemble, process, ship and market products produced by members and non-members and to exercise all such powers in any capacity and on any cooperative basis that may be agreed upon.

Article III  
Powers: Limitations

Section 1. Powers. This Association shall have the following powers:

(a) To borrow money without limitation as to amount of corporate indebtedness or liability; to give a lien on any of its property as security therefor in any manner permitted by law.

(b) To buy, lease, hold and exercise all privileges of ownership over

such real or personal property as may be necessary or convenient for the conduct and operation of the business of the Association or incidental thereto.

(c) To draw, make, accept, endorse, guarantee, execute and issue promissory notes, bills of exchange, drafts, warrants, certificates and all kinds of obligations and negotiable or transferable instruments for any purpose that is deemed to further the objects for which this Association is formed and to give a lien on any of its property as security therefor.

(d) To acquire, own and develop any interest in patents, trademarks and copyrights connected with or incidental to the business of the Association.

(e) To cooperate with other similar associations in creating central, regional or national cooperative agencies for any of the purposes for which this Association is formed and to become a member or stockholder of such agencies as now or hereafter may be in existence.

(f) To have and exercise, in addition to the foregoing, all powers, privileges and rights conferred on ordinary corporations and cooperative associations by the laws of this State and all powers and rights incidental or conducive to carrying out the purposes for which this Association is formed, except such as are inconsistent with the express provisions of Utah's non-profit corporation statute or such successor statutes as the Legislature may enact; and the enumeration of the foregoing powers shall not be held to limit or restrict in any manner the general powers which may by law be possessed by this Association, all of which are hereby expressly claimed.

Article IV  
Place of Business

The Association shall have its principal place of business in the City of Corinne, County of Box Elder, State of Utah.

Article V  
Period of Duration

The term for which this Association shall exist is perpetual.

Article VI  
Directors

The number of directors of the Association shall be nine, who shall be elected for terms of three years each. Those presently serving in the capacity of director together with the year of expiration of their terms are as follows:

<u>Name</u>	<u>Year Term Expires</u>
Milton Norman	1964
Tak Yamasaki	1964
James H. Norman	1964
Ralph Forsgren	1965
J. Y. Ferry	1965
Lloyd Hubbard	1965
Eph Jensen	1966
Ted Burt	1966
Grover Harper	1966

Article VII  
Membership

This Association shall not have any capital stock but shall admit applicants to membership in the Association upon such uniform conditions as may be prescribed by the board of directors of the Association or in its By-Laws. This Association shall be operated on a cooperative basis for the mutual benefit of its members. The voting rights of the members of the Association shall

be operated on a cooperative basis for the mutual benefit of its members. The voting rights of the members of the Association shall be equal and no member shall have more than one vote. The property rights and interests of each member in the Association shall be unequal; and shall be determined and fixed in the proportion that the patronage of each member shall bear to the total patronage of all the members with the Association, but in determining property rights and interest all amounts allocated to each patron or evidenced by certificates of any kind shall be excluded and, upon dissolution, the equity interests of members and patrons shall be determined as provided by the By-Laws. New members admitted to membership shall be entitled to share in the property of the Association in accordance with the foregoing general rule.

Article VIII  
Amendment

Articles of Incorporation may be amended or repealed or new articles may be adopted by Two-thirds of the members present at any annual or special meeting, provided that notice of the meeting and copies of the proposed amendments have been mailed to the last known post office address of each member not less than fifteen days prior to such meeting.

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Secretary

STATE OF UTAH            )  
                                  ) ss:  
COUNTY OF BOX ELDER )

On the \_\_\_\_\_ day of \_\_\_\_\_, 1964 personally appeared before me that he is the secretary of the Bear River Valley Cooperative Association, a non-profit corporation, and that the foregoing instrument was signed in behalf of said corporation and said \_\_\_\_\_ acknowledged to me that said corporation executed the same.

\_\_\_\_\_  
Notary Public

Residing at: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_  
\_\_\_\_\_

Appendix B  
By-Laws  
of  
Bear River Valley Cooperative Association  
(As Restated March 26, 1964)

By-Law I  
Purposes and Powers

The purpose for which this Association is formed and the powers which it may exercise are set forth in the Articles of Incorporation of the Association.

By-Law II  
Membership

Any person, firm, partnership, corporation or association who can benefit by membership and who agrees to be a patron of the Association and who pays a \$100.00 membership fee and meets such other conditions as may be prescribed by the board of directors may become a member of the Association and be issued a membership certificate.

By-Law III  
Meetings of Members

Section 1. Annual Meeting. The annual meeting of the members of this Association shall be held in the County of Box Elder, State of Utah, at such place and time and on such day each year as the board of directors shall determine at least thirty days in advance of such designated time and place of meeting.

Section 2. Special Meetings. Special meetings of the members of the Association may be called at any time by order of the board of directors and shall be called at any time upon written request of at least ten per cent of the members.

Section 3. Notice of Meetings. Written or printed notice of every regular and special meeting of members shall be prepared and mailed to the last known post office address of each member not less than five days before such meeting. Notice of special meetings shall state the object or objects thereof. No business shall be transacted at special meetings other than that referred to in the call.

Section 4. Voting. Each member shall be entitled to only one vote. Voting by proxy shall not be permitted. Absent members may vote on specific questions, other than the removal of directors, by ballots transmitted to the secretary or manager by mail or in person, provided that all members have been notified in writing, pursuant to action by the board of directors, of the exact wording of the amendment, motion or resolution upon which such vote is taken and a copy thereof is attached to the ballot or is otherwise available for the member's inspection at the time he casts his ballot.

Section 5. Quorum. Members present at any duly constituted meeting shall constitute a quorum for the transaction of business except for the transaction of business concerning which a different quorum is specifically provided by law or by these By-Laws.

By-Law IV  
Directors and Officers

Section 1. Qualifications of Directors. Each director shall be a member of this Association in good standing. No person shall be eligible for the office of director if he is in competition with or is affiliated with any enterprise that is in competition with the Association. If a majority of the board of directors of the Association finds at any time, following a hearing, that any director is so engaged or affiliated or that he has failed to attend at least fifty per cent of the board meetings without adequate excuse, he shall thereupon cease to be a director.

Section 2. Number and Election of Directors. The number of directors of the Association shall be nine, who shall be elected for terms of office of three (3) years each. Those presently serving in the capacity of director together with the year of expiration of their terms are as follows:

<u>Name</u>	<u>Year Term Expires</u>
Milton Norman	1964
Takeo Yamasaki	1964
James H. Norman	1964
Ralph Forsgren	1965
J. Y. Ferry	1965
Lloyd Hubbard	1965
Eph Jensen	1966
Ted Burt	1966
Grover Harper	1966

At the annual meeting held in 1964, three directors' terms will expire as indicated above, thus creating three vacancies on the board to be filled by election of the members at the annual meeting in 1964.

Section 3. Election of Officers. The board of directors shall meet as soon as practicable after each annual election and shall elect by secret ballot

a president, vice-president, secretary and treasurer (or a secretary-treasurer), each of whom shall hold office until the election and qualification of his successor unless earlier removed by death, resignation or for cause. The president and vice-president only need be members of the board of directors.

Section 4. Vacancies. Whenever a vacancy occurs in the board of directors, other than from the expiration of a term of office, the remaining directors shall elect by secret ballot a member to fill the vacancy until the next annual meeting of the members.

Section 5. Board meetings. In addition to the meetings mentioned above, regular meetings of the board of directors shall be held monthly and at such other times and at such places as the board or president may determine.

Section 6. Special Board Meetings. A special meeting of the board of directors shall be held whenever called by the president or by a majority of the directors. Any and all business may be transacted at a special board meeting.

Section 7. Notice of Board Meetings. Oral or written notice of each meeting of the board of directors shall be given each director by or under the supervision of the secretary of the Association prior to the time of meeting, but such notice may be waived by all the directors and appearance at a meeting shall constitute a waiver of notice thereof.

Section 8. Compensation. The compensation of the members of the board of directors and of the executive committee shall be established each year by the board of directors following the Association's annual meeting at a sum not to exceed Ten Dollars (\$10.00) per board member per meeting. No member of the board of directors shall occupy any position in the Association on regular salary.

Section 9. Quorum. A majority of the board of directors shall constitute a quorum at any meeting of the board.

By-Law V  
Duties of Directors

Section 1. Management of Business. The board of directors shall have general supervision and control of the business and the affairs of the Association and shall make all rules and regulations not inconsistent with law or with these By-Laws for the management of the business and the guidance of the members, officers, employees and agents of the Association. It shall have installed an accounting system which shall be adequate to the requirements of the business and it shall be its duty to require proper records to be kept of all business transactions.

Section 2. Employment of Manager. The board of directors shall have power to employ a manager, define his duties, fix his compensation and to dismiss him with or without cause at any time. The manager shall have charge of the business of the Association under the direction of the board of directors.

Section 3. Bonds and Insurance. The board of directors shall require the manager and all other officers, agents and employees charged by the Association with responsibility for the custody of any of its funds, property or negotiable instruments to give adequate bonds. Such bonds, unless cash security is given, shall be furnished by a responsible bonding company and approved by the board of directors and the cost thereof shall be paid by the Association. The board of directors shall provide for the adequate insurance

of the property of the Association or property which may be in its possession which is not otherwise adequately insured and in addition workmen's compensation insurance and adequate insurance covering liability for accidents to the public.

Section 4. Audits. At least once in each year, the board of directors shall secure the services of a competent and disinterested public auditor or accountant who shall make a careful audit of the books and accounts of the Association and render a report in writing thereon, which report shall be submitted to the members of the Association at their annual meeting. This report shall include at least (1) a balance sheet showing the true assets and liabilities of the Association; (2) an operating statement for the fiscal period under review which shall show the cost of and receipts from sales and the gross margins or loss from business done during the period; and (3) a statement of all expenses for the period under review.

Section 5. Depository. The board of directors shall have power to select one or more banks to act as depositories of the funds of the Association and to determine the manner of receiving, depositing and disbursing the funds of the Association and the form of checks and the person or persons by whom they shall be signed with the power to change such banks and the person or persons signing such checks and the form thereof at will.

By-Law VI  
Duties of Officers

Section 1. Duties of the President. The president shall (1) preside over all meetings of the Association and of the board of directors, (2) call special

meetings of the board of directors, (3) perform all acts and duties usually performed by an executive and presiding officer.

Section 2. Duties of the Vice-President. In the absence or disability of the president, the vice-president shall perform the duties of the president.

Section 3. Duties of Secretary. The secretary shall keep a complete record of all meetings of the Association and of the board of directors and shall have general charge and supervision of the books and records of the Association. He shall make all reports required by law and shall perform such other duties as may be required of him by the Association of the board of directors. Upon the election of his successor, the secretary shall turn over to him all books and other property belonging to the Association that he may have in his possession.

Section 4. Duties of Treasurer. The treasurer shall perform such duties with respect to the finances of the Association as may be prescribed by the board of directors.

By-Law VII  
Executive Committee and Other Committees

Section 1. Powers and Duties. The board of directors may in its discretion appoint from its own membership and executive committee of three members, determine their tenure of office and their powers and duties. The board of directors may allot to such executive committee all or any stated portion of the functions and powers of the board of directors, subject to the general direction, approval and control of the board.

Section 2. Other Committees. The board of directors may, in its discretion, appoint such other committees as may be necessary.

By-Law VIII  
Duties of the Manager

Section 1. In General. Under the direction of the board of directors, the manager shall have general charge of the ordinary and usual business operations of the Association, including the purchasing, marketing and handling of all products and supplies handled by the Association. He shall, so far as practicable endeavor to conduct the business in such a manner that the members and patrons will receive just and fair treatment. The manager shall deposit all money belonging to the Association which comes into his possession in the name of the Association in a bank selected by the board of directors and if authorized to do so by the board of directors shall make all disbursements by check therefrom for the ordinary and necessary expenses of the business in the manner and form prescribed by the board of directors. Upon the appointment of his successor, the manager shall deliver to him all money and property belonging to the Association which he has in his possession or over which he has control.

Section 2. Duty to Account. The manager shall be required to maintain his records and accounts in such a manner that the true and correct condition of the business may be ascertained therefrom at any time. He shall render annual and periodical statements in the form and in the manner prescribed by the board of directors. He shall carefully preserve all books, documents, correspondence and records of whatever kind pertaining to the business which may come into his possession.

Section 3. Control of Employees. The manager shall employ, supervise and dismiss any or all employees of the Association but not agents or counsel specifically employed by the board of directors.

By-Law IX  
Membership Certificates

The membership fee shall be \$100.00 and upon payment of such amount by any eligible party or upon the accumulation of credits in the revolving fund in that amount, the board of directors shall cause to be issued an appropriate certificate of membership.

By-Law X  
Patrons and Patrons' Net Margins

Section 1. Patrons. Each patronage transaction between this Association and each patron shall be subject to and shall include as a part of its terms each provision of this Article X whether it be expressly referred to in said transaction or not; and no person shall have any authority to transact any business for this Association with any patron on any terms inconsistent with this Article X. Upon buying or otherwise receiving any goods, supplies or equipment from this Association or contracting to do so, each patron with or without then executing any writing or doing any other act, thereby:

(a) Shall, as further consideration due him from this Association on account of such transaction, become entitled to have paid to him such proportion of the Patrons' Net Margins received by this Association as his patronage bears to the aggregate patronage of all patrons, all as more particularly hereinafter defined.

Section 2. Computation of Patrons' Net Margins. The Patrons' Net Margins, calculated upon the basis of each fiscal year, shall be computed as follows: At least once each year the board of directors shall apportion the net savings of the Association to members and patrons of the Association in twenty per cent (20%) in cash and any remainder being applicable toward payment of the patrons' membership fee or in certificates of interest. Such certificates of interest so issued shall be in annual series and may be redeemed for cash, in whole or in prorate part, by action of the board of directors at any time when, in their judgment, the best interests of the Association will be served thereby. Provided, however, that no annual series remains outstanding unredeemed.

Section 3. Each person who hereafter becomes a member of this cooperative and each member of this cooperative on January 1, 1964, who continues as a member after such date shall, by such act alone, consent that the amount of any distributions with respect to his patronage occurring after December 31, 1963, which are made in written notice of allocation (as defined in 26 U.S.C. 1388) and which are received by him from this cooperative, will be taken into account by him at their stated dollar amount in the manner provided in 26 U.S.C. 1385 (a) in the taxable year in which such written notices of allocation are received by him.

Section 4. Patrons' Net Margins. If in any fiscal year this Association shall incur a net operating loss which is recognizable for tax purposes, the board of directors shall have full authority to charge off such loss either against net margins of future years or against revolving fund credits or in such manner as will afford the Association the maximum benefit for tax purposes.

There shall be no discrimination between member and non-member patrons in either the computation or payment of Patrons' Net Margins; provided, that if a non-member patron is eligible for membership when his share of Patrons' Net Margins shall equal \$100.00 such amount shall be applied to his membership fee.

Section 5. Lien. This Association shall have a first lien on the interest of each patron in the Patrons' Net Margins for all indebtedness of such patron to this Association.

By-Law XI  
Revolving Fund

Section 1. Purpose. This Association shall establish and maintain a revolving fund for the purpose of acquiring and maintaining adequate capital to finance its business.

Section 2. Investment in Fund. This Association may require investment by patrons in its revolving fund in an amount equal to said patron's Patrons' Net Margins for the fiscal year next preceding the fiscal year in which such investment is required of him and shall be proportionate to the investments required of other patrons; it being the intention and agreement of this Association and each patron and of its several patrons with each other that as the board of directors shall deem the capital of this Association to be inadequate, or deem additional capital to be necessary to repurchase or retire previously issued certificates of interest, then its several patrons shall supply such additional capital as may be represented by their share of Patrons' Net Margins for the previous fiscal year, or from deferred refund certificates.

Section 3. Operation. Investments in the revolving fund need not be segregated from, but on the contrary, may be invested in or co-mingled with any other assets of this Association. No dividend, interest or any other income shall be declared or paid on account of any net credits in the revolving fund in excess of eight per cent per annum. This Association shall own a first lien on revolving fund credit against indebtedness of the holders thereof to this Association.

Section 4. Repayment. If and when in the judgment of the board of directors the net balance in the revolving fund shall exceed the amount of capital reasonably needed by the Association, it shall apply such excess to the retirement, in full or pro rata, of any or all the net credits in the revolving fund; provided, that such certificates shall be retired in the order of issuance by years and there shall be no discrimination between investments received in the same fiscal year. Provided that, notwithstanding any other provision of this section, the board of directors, in its sole discretion, may transfer or retire and redeem any revolving fund credits or certificates of interest plus any membership paid or accumulated, when the owner of the same shall either (a) die, or (b) move from the territory served by the Association. Provided further, the board of directors may, at its discretion, redeem for cash up to fifty per cent of patron's net margins accumulated during a current year, even when patron credits in the revolving fund or certificates of interest issued for a prior year or years remain outstanding and unredeemed.

Section 5. Transfer. No assignment or transfer of any revolving fund credits shall be binding on this Association without the consent of the board

of directors nor until it shall have been entered in the books of this Association.

By-Law XII  
Dissolution

Upon the dissolution of this Association, all debts and liabilities of this Association shall first be paid according to their respective priorities. The holders of credits in the revolving fund shall then be paid the amount of their credits in said fund. Holders of membership in the Association shall then be paid an amount equal to the membership fee which they paid in order to acquire membership in the Association. Any remainder of such property shall be distributed among the patrons who patronized the Association during the five fiscal years immediately preceding dissolution on the basis of their respective patronage as shown by the records of this Association.

By-Law XIII  
Unclaimed Money

A claim for money against the Association shall be subject to the provisions of this section whenever the Association is ready, able and willing to pay such claim and has paid or is paying generally claims arising under similar circumstances, but payment of such claim cannot be made for the reason that the Association does not know the whereabouts of mail address of the one to whom it is payable or the one entitled to payment. If such claim be not actually paid within a period of one year after it became payable as herein provided, the Association shall remove the claim as a liability on its books, provided that no such removal shall be made unless at least thirty days prior

thereto the Association shall have sent by registered United States post, with the return receipt requested, a written notice of the proposed removal, addressed to the person appearing from the Association's records to be entitled to payment of such money at the last address of such person shown by the records of the Association. Any and all amounts recovered by the Association pursuant to this Article, after deducting therefrom the amount of any taxes payable thereon, shall be placed in the general reserve. Any claim paid after the expiration of the period of years herein specified shall be deducted from such account.

By-Law XIV  
Fiscal Year

The fiscal year of this Association shall commence on the first day of July each year and shall end on the last day of June of the following year.

By-Law XV  
Amendments

If notice of the character of the amendment proposed has been given in the notice of meeting, these By-Laws may be altered or amended at any regular or special meeting of the members by the affirmative vote of a majority of the members present or voting by mail.