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FARMER COOPERATIVES
FOR
THE FUTURE

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STRATEGIES FOR RESEARCH RELATED TO FARMER COOPERATIVES: DISCUSSION

*Walter J. Armbruster
Farm Foundation*

The paper begins with several statements with which I agree: 1) Resources to undertake research related to cooperatives are relatively scarce. 2) Packaging research will be necessary to attract funding and expertise. And 3) Coordination and communication by those doing cooperative research is essential. Certainly, NCR-140 is an example of how to accomplish the latter.

Armstrong proposes a framework for coordination and communication among researchers, funders, and users of results. I'm not sure there is much distinction between his "pedestrian" and "operational" categories, especially in terms of possible funding organizations, so I'll lump them

together. He suggests that individual researchers use this framework to approach funders, including those from the cooperative community.

I would like to focus some attention on potential research funding sources, and then briefly look at some general categories in which the large laundry list which Armstrong has identified might be "packaged" to appeal to those potential funders.

Research Funding Sources

Table 1 summarizes my evaluation of the likely interest of potential funders of research on cooperatives. You may disagree

Table 1. Likely Interests of Potential Funders for Research on Cooperatives

Research Type & Scope	Potential Funders/Participants					
	Cooperatives	Agric. Coop. Serv.	Other Federal Agencies	State Agencies	Land Grant Univ.	Nat'l Foundations
Operational/ Pedestrian						
Local	X	?	O	X	?	O
Regnl	X	X	?	?	X	O
Natl	X	X	X	O	X	?
Cutting Edge						
Local	?	X	?	?	X	O
Regnl	?	X	?	O	X	?
Natl	X	X	X	O	X	X
Imaginative						
Local	O	X	?	O	X	?
Regnl	?	X	X	O	X	X
Natl	?	X	X	O	X	X

X = Definitely should have an interest and role
 ? = May have interest and role in particular projects
 O = Unlikely to be interested or get involved

or feel that my categorization needs modification. To judge, you need to understand my thinking:

Operational research should be of interest to local cooperatives, producer groups which may be interested in forming a cooperative, and state agencies charged with serving the agricultural constituency of the state. I think the Agricultural Cooperative Service and the land grant universities may need to be selective in getting involved in operational research questions at the local level, assuming a prognosis for increasingly tight research funds is accurate. I doubt that any other federal agencies or national foundations would be interested in support -- some state foundations might. State foundations with agricultural interests may be an untapped source of funding potential. As one moves to projects that are regional or national in scope, I believe that potential funders/participants change -- some would be less interested and others more so.

Cutting edge research, as defined by Armstrong, likely would be of less interest to local, and to at least some regional, cooperatives as well as state agencies. However, it may be of more interest to federal agencies and national foundations.

Imaginative research likely would increase or decrease further the interests of the various categories of funders/participants depending on their perceived charter or responsibility. Under cooperatives, I am assuming that local and regional cooperatives would associate with the respective scopes of research applicability, and regional or interregional cooperatives would most likely be interested in research with national implications.

This classification scheme leads to several implications that may increase chances of research funding:

1. Carefully define the scope of the research applicability, and think carefully about which type it really is.
2. Target your research proposals carefully to the perceived charter or responsibility of the potential funding source. For example, Farm Foundation -- which does

not fund research -- is interested in stimulating regional or national research and education efforts.

3. Bring in representatives from the appropriate participants and users of the research results at an early stage in designing your research proposal.
4. Design your communication of results to reach the appropriate target audiences, whether they be cooperative managers or board members at the local level, policy participants at the state or national levels, or the academic and informed leadership audiences.
5. Regional efforts such as NCR-140, and sub-projects or groups, have an important function in helping to rationalize a complex set of research opportunities to best compete for limited funds.

Basically, I'm re-emphasizing the point that an exchange of information using existing lines of communication -- such as NCR-140 and its industry advisory group -- would be valuable in providing direction and setting priorities among conceivable types of research.

Now, I'd like to suggest a categorization for the multitude of research issues and problems that Armstrong identified.

Critical Research Areas

I have identified three "packages" of research under each of the three major typologies of research. Many of Armstrong's issues or topics can be subsumed under the packages I've identified as critical researchable areas.

Operational

Critical researchable questions that are operational in nature include:

1. What might provide managers and boards guidance to help the cooperative survive, prosper, and grow in the tough situation faced by agriculture?
2. How can the factors that indicate serious problems ahead be identified early?

3. What strategies are appropriate for exiting lines of business, or even dissolving as an entity, when it is in the best interest of members to get out?

Cutting Edge

Some critical questions that are on the cutting edge for cooperatives include:

1. To what extent can risk analysis be usefully incorporated into research on various issues?
2. What are future financing and capital organization alternatives and their implications for cooperative success?
3. What innovative marketing organizations, strategies, and opportunities are available for cooperatives?

Imaginative

Questions which may be critical to the longer term prosperity of cooperatives and which are in the imaginative category include:

1. For what roles should cooperatives be positioned in ten years, after the anticipated significant restructuring of agriculture and rural communities?

2. What are potential areas of growth and how can cooperatives best serve their members; e.g., communication technology and biotechnology to cite two current concerns.
3. How do cooperatives affect, and how are they affected by, various federal government policies?

Concluding Comments

These are some of the issues areas of obvious concern today to land grant university administrators and to agricultural, agribusiness, cooperative leaders, and producers. The clientele will likely listen to research proposals dealing with such packages.

I can't guess whether their limited funding will be available for research on all, some, or none of the proposals forthcoming under those categories. Presumably the latter is not the case. I hope that these comments have stimulated a few ideas in your efforts to conduct research on the economics of agricultural cooperatives. Certainly a number of specific research issues and problems are being identified in the papers of this conference.