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United States  
Department of  
Agriculture

Agricultural  
Cooperative  
Service

Cooperative  
Information  
Report 25

# Opportunities in Cooperatives

## A Leader's Program for Youth



## Preface

A committee of cooperative leaders working with youth organizations and programs asked Agricultural Cooperative Service to develop a 0-month program to provide guidelines for sponsoring Scout Explorer, 4-H, Future Farmers of America, Future Home Makers, and other groups included in the 18 to 20 youth organizations with whom cooperative business leaders work. This publication is the result.

This information may help cooperatives as they work with teachers, advisers, Extension agents, and others in their youth programs.

Ideas presented in this publication become more effective when applied to local situations with business and professional leaders involved in developing such programs.

Emphasis is on the role of cooperatives in the American business system, how this system is organized and operates, and its opportunities for employment.

### ***Suggested Use for Publication***

Information is designed for nine monthly meetings to coincide with the school year. Leaders have the option to change the suggested schedule.

The first meeting discusses organization of the series. The second and third cover basic information on business organization. Meetings four through seven are devoted to visiting various types of business organizations, including another cooperative. Meeting eight returns to the sponsoring organization. Meeting nine is a recognition program with parents and leaders.

Meeting outlines contain a suggested introductory statement for leaders, questions that may help youth to develop their business and career interests, and a suggested optional quiz.

The information may be used as a special youth program on cooperatives in the American business system, as a study of local business organizations and operations, or to further career interests in purchasing, distribution, finance, law, accounting, or others as they pertain to local business operations including cooperatives. Program suggestions offer a wide range of opportunities for youth to select areas of greatest interest within each major monthly topic.

Some sponsors will want to select outstanding youth for recognition and awards. The optional quiz series offers this opportunity. Quiz instructions and suggestions are found in Appendixes V and VI. Answer sheets are in Appendixes VII and VIII.

Leaders using the optional quizzes may want to administer the appropriate quiz at the end of meetings two through seven. The final quiz, suggested for the eighth meeting, is a review of the entire program.

A good leader involves other people in getting things done. But some planning, organizing, motivating, and coordinating is necessary. Broad participation can best be achieved by asking others to help with the program as it relates to their career fields. For example, educators, professional people, cooperative managers and key employees, and other business executives may help as their careers relate to the program. These leaders will have opportunity to observe promising youth and encourage them to seek employment in their business or community.

References are keyed to questions for discussion at the various monthly meetings. For example: A key of A-8 refers to Cooperatives in Agribusiness, page 8. The key of B-2 refers to Cooperatives-Distinctive Business Corporations, page 2.

References A through D are available from Agricultural Cooperative Service, U.S. Department of Agriculture, Washington, D.C. 20250.

References E and Fare available from American Institute of Cooperation, 1800 Massachusetts Avenue, N.W., Washington, D.C. 20036.

Sample order forms are in Appendix I and II.

Optional references appear in Appendix X.

Leaders should become familiar with the details of the materials and references for the program. The program can be adapted to fit your cooperative and community or teaching programs for other groups.

**Necessary Reference Material:**

- A. *Cooperatives in Agribusiness*. Cooperative Information Report (CIR) 5. Revised 1983. 60 pp.
- B. *Cooperatives-Distinctive Business Corporations*. CIR 3. Revised 1979, 34 pp.
- C. *Cooperative Principles and Legal Foundations*. CIR 1, Sec. 1. Reprinted 1982. 26 pp.
- D. *Understanding Your Cooperatives*. CIR 6. Revised 1983. 146 pp.
- E. *How We Organize to Do Business in America-American Institute of Cooperation*. Reprinted 1982. 34 PP.
- F. *Business in Our Community*. American Institute of Cooperation. Revised 1982. 24 pp.

**Opportunities in Cooperatives:  
A Leader's Program for Youth**

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# Opportunities in Cooperatives

## A Leader's Program for Youth

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### FIRST MEETING

### INTRODUCTORY SESSION

(At sponsoring organization in September.)

Cooperative leaders working with youth should plan the kickoff meeting well in advance. In addition to young people, invite local business leaders, professional people, and cooperative personnel helping with the program.

Explain the program to those present and introduce adult assistants. The following suggested introductory remarks may help you.

#### **Suggested Introductory Remarks for Leader:**

Opportunities in Cooperatives is designed to help you look right in your own backyard at existing community business organizations and learn career opportunities in business. You also may gain practical information about these business organizations.

We have invited business, education, and professional people to provide practical experience and give guidance to our program in their respective fields. (Introduce those present.) You can gain firsthand information by talking with the person or persons engaged in a career that interests you.

Ask them how you can enter a similar field-its requirements, advantages, and disadvantages. They can speak from personal experience and observation and tell you about current opportunities.

We plan one meeting each month during the school year. You may explore your individual area of interest in greater depth between meetings with your adult advisers.

The October and November meetings will be held here at the sponsoring organization. During these meetings we shall help you learn about basic information concerning the American business system, how people create and use organizations, business in the United States, essentials of a successful business, relationships of Government to private business, and ways of organizing to conduct business in the United States.

This will help you understand why and how business is organized and may help you determine your own career interest.

During the next 4 months, we shall visit businesses in our community to study their organization and learn about career opportunities in their particular fields. In December we visit \_\_\_\_\_, an individually owned business. For January, we plan a visit to \_\_\_\_\_ a partnership. The next month, February, we will visit \_\_\_\_\_ an investor-owned business corporation. In March, a visit is planned to a member-user-owned cooperative business corporation \_\_\_\_\_

Then in April we invite you back here to learn more about our organization and the varied careers it offers.

The final month, May, we shall have a dinner meeting and invite your parents.

Are there any questions about our program outline?

A youth cooperative is one way to offer an opportunity to learn more about how a cooperative business operates and to provide the framework for a business project the group may desire to undertake. Suggested articles of incorporation, bylaws, and membership certificate are in Appendixes III and IV.

If the group indicates interest in the program, sample order forms are given in Appendixes I and II for ordering cooperative materials and references for youth and those assisting with the program. Allow a minimum of 2 weeks for delivery.

Optional-Some cooperatives or other sponsoring organizations send one or more youths to the National Institute on Cooperative Education, sponsored by the American Institute of Cooperation, held each August on the campus of a State university.

The Check exercises (Appendix V) and the final Cash-In exercise (Appendix VI) suggested or other methods may be used to determine outstanding youth participants.

## SECOND MEETING

## THE BUSINESS WORLD

(At sponsoring organization in October.)

### ***Suggested Introductory Remarks for Leader:***

Stand back and take a look at yourself and your community. Where can you seek a career that provides the kind of job and livelihood you want?

Career opportunities abound in broad fields of business and professions that may never have occurred to you. Opportunities are constantly growing in processing, marketing, sales, distribution, research, advertising, accounting, housing, insurance, electric service, credit service, public relations, law, computer programing, and many more.

Through exploring these opportunities you can learn what they are, where they are, how to train for them, and if they would fully use your skills and aptitudes. Many of these are in our community.

We shall discuss businesses selling goods and services and the laws under which they operate. The American business system is based on the belief that citizens have the right to work at careers of their own choice and the right to own property.

Most businesses can be grouped into one of three types: Individual ownership, partnership, and corporation. The corporate business type is divided into two kinds-investor-owned corporation and member-user-owned cooperative corporation. These items are often shortened to corporation and cooperative. You will learn more about types of business organization as you further explore your business or career interest.

During this meeting, we shall discuss the American business system, how people create and use organizations, and business in the United States. Here are some suggested questions for discussion that may help you.

(Hand out questions.)

The letters and numbers at the end refer to the reference and page number. For example, A-5 refers to Cooperatives in Agribusiness-reference A, page 5.

**Discussion Questions**  
**The Business World**

**American Business System**

(Plan for local attorney to help.)

1. What is the American business system? (A-5) (E)(F)
2. How do the various freedoms guaranteed every American citizen contribute to your opportunity to achieve your goals in the American business system?
3. How do business establishments serve your family? (B-3-17) (E-6-7) (F-8-9)
4. How do consumers benefit from our business system? (E-6-71 (F-8-9)
5. What are some of the advantages and disadvantages of the American business system? (B-6-15) (E-12-13)
6. Why is it necessary to have a stable Government for our business system to operate effectively? (E-14-15)
7. Do business systems like ours exist in all countries? Why or why not?

**How People Create and Use Organizations**

1. What does the term organization mean to you? (E-2-71)
2. Why do people organize? Is a football team organized? Is your group organized? How can you tell? (E-2-3)
3. How would you judge if a football team or a club is well organized? (E-2-3)
4. How many organizations in your community, or county, can you name in the following categories? (List on a chalkboard.)

Religious	Business
Social	Political
Civic	Government
Farm	Any other broad category

5. Why do organizations have directors? Officers? A manager? Employees? (A-17-18) (D-29-33) (E-22) (F-15)
6. What purposes are served by articles of incorporation or charter and bylaws in an organization? (A-13-14) (B-16) (E-22) (F-14)

7. Does each individual who is a member of an organization usually give up some individual freedom to be a part of an organized group? Is this good or bad? (A-14) (D-28-29) (E-3)
8. Are organizations subject to some degree of control or influence by Government? (A-13) (D-19-21) (E-14-171)
9. What are the legal processes in organizing a business for the career you wish to follow?
10. What organization in your community offers you an opportunity to use your enthusiasm, hope, and imagination in your chosen career?

### **Business in the United States**

(Plan for a local banker and one or two other local business leaders to help in directing discussion.)

1. Why is it necessary to organize before starting business? (E-7)
- 2.** Name some goods and services consumers secure from business firms- (E-12-13) from Government services. (E-14-15).
- 3.** What is the meaning of “competition”? (E-12)
- 4.** How does competition among business firms affect the price and quality of goods and services offered to consumers? (E-12)
5. Why do businesses specialize in certain jobs such as: Manufacturing, computers, operating truck lines, providing accounting service. Some conglomerate businesses perform many jobs. Why?
6. Why is Government concerned about how business operates? (E-14-15)
- 7.** In what business area is your career interest: Basic production, processing manufacturing, distribution, or services? (E-12-13)
8. What ability or talents do you have that may be a key to your success in your chosen field?
9. What phases of a career in the field you are considering would make you a happy and **well-adjusted** person? Why?

**Checklist of Terms**

The following exercise is to determine your understanding of some terms commonly used in business. Many are used in any business organization: Net margin, liability, asset, manager, operating costs, and capital. Stockholders and directors are terms used in investor-owned and cooperative corporations. Patronage refund, revolving fund, patron, and retain are terms commonly used in cooperative corporations. (Leaders may want to add others that apply to local conditions.)

Only one answer in the right column is MOST NEARLY CORRECT for the term, or terms, shown in the left column. Show this by placing the appropriate letter in the space to the left of the number in the left column. (Key below.) (*Try your ideas here--as a group*)

1. Net margin (D-4) (D-39-40) (F-21)	a. What is owned, either money or property
2. Patronage refund (A-12) (C-7) (D-4) (D-39) (F-21)	b. People investing in stock of a corporation
3. Revolving fund (A-24-25) (D-39-40)	c. Elected member of a policymaking body
4. Patron (A-14-18) (B-16-17)	d. Person who is directly in charge of day-to-day operations in a business
5. Liability (B-7) (E-23) (F-21)	e. Day-to-day costs of doing business
6. Stockholders (A-8) (E-23) (F-21)	f. A user of services of a business
7. Asset (D-37) (F-21)	g. Net margin returned to patrons in proportion to their use of business services
8. Manager (A-19) (D-31-33) (E-23)	h. Anyone who sells to consumers
9. Retains (D-40)	i. What is owed
10. Director (A-18-19) (B-12) (C-15) (D-29-31)	j. Buying, selling, advertising, and the like
11. Interest (D-5)	k. Patronage allocations reinvested as capital and designated for return to patrons in later years
12. Operating cost (D-4-5)	l. Money or property used in the business
13. Capital (A-21-26) (D-37-40)	m. Funds withheld from sales proceeds, before making distribution to patrons
	n. Difference between cost and selling price
	o. Remaining after the paying of all expense
	p. Payment for use of capital

## THIRD MEETING

## HOW BUSINESSES OPERATE

(At sponsoring organization in November.)

### **Suggested Introduction Remarks for Leader:**

The selection of your life work is a difficult and highly personal decision.

Most of us have difficulty in thinking objectively about ourselves. However, this is exactly what each of you must do to make the best choice for your future work. Choose a career within your own abilities and one in which you will be happy.

While you are exploring business organizations, take a look at yourself. Consider your physical, mental, and personal characteristics. Compare these with a career you are considering. Then see if the **career** you are considering offers opportunities to use the fullest range of your abilities and interests.

At this time in your life you are looking for guidance to determine what course you will follow. We hope to acquaint you with the many resources available through your school counselors and business organizations.

We hope that by exploring our topics for this meeting you may gain useful knowledge toward choosing your career.

Let's investigate the essentials of a successful business, the relationship of Government to business, and ways of organizing to conduct business.

### **Discussion Questions – How Businesses Operate**

### **Essentials of a Successful Business**

(Plan for one or two business people to help.)

1. How are the following items important to success in business? Capital (A-22 and 39) (D-37) (E-10) (F-6) -Credit (A-23 and 46) (D-41) -Facilities (A-23) (D-39) -Equipment (A-22) – Labor (E-9) (F-6) –Management (E-11) (F-7)
2. Name the steps to get a quart of milk from the farm to consumer. (E-13)
3. Is a quart of milk worth as much on the farm as it is in the local grocery? Explain.
4. How are production and marketing related? (E-13)
5. Why are financial records (bookkeeping) important for business success? Are these also important in a farm business?
6. Why are effective leaders important to the success of a business? (A-5, 15, 17) (D-29-31) (E-11)
7. Should Government guarantee a profit to business? Explain. (E-14-15)
8. How can you use the fullest range of your abilities and interests in pursuing your goals in a business?

## **Relationship of Government to Business**

(Plan for an attorney to help.)

1. What is the meaning of private property rights? Is this important for the American business system?
2. How does the Government guarantee private property rights to individuals? (E-14-15)
3. How is a stable Government related to private property rights and to opportunity for success in business? (E-14-15)
4. Is it important for Government to exercise any degree of regulation over businesses? Explain. (A-13-14) (E-14-15)
5. What are some ways Government provides service and help for a farm business? (A-23,24, 36, 37, 40, 44, 46, 47, 48, 50) (D-19-21) (E-14-15)
6. What are some services and assistance Government provides various businesses you are considering as a career?

## **Ways of Organizing to Do Business**

(Plan for an attorney to help.)

1. What are three common types of businesses in the United States? (A-5-6) (B-6-17) (D-3) (E-28-29) (F-22-23)
2. What are the two kinds of corporations? (A-3) (B-10) (D-3) (E-22) (F-14)
3. Compare the methods of conducting business for each kind of corporation. (A-5-7) (B-10-21) (D-57) (E-28-29) (F-14-19)

What is its purpose?

Who controls the business?

Who owns the business?

Who votes in the business?

How is voting done?

Who decides policies?

What limits the amount of returns on ownership capital?

Who gets the net margins?

What limits the “life” of the business?

4. What are the advantages of incorporating a business? (B-12-13) Disadvantages? (B-13-14) Is it possible to incorporate a farm? Is your church incorporated? Your club? Your town?
5. If you were interested in organizing a business that would need a million dollars of capital initially, why would it be easier to get people to invest in a business that is incorporated? (E-23)
6. What is the function of a board of directors? (A-18-19) (D-29-31)
7. What are some of the more important things to consider in deciding what type business organization to set up for a given purpose? (A-5-9) (B-4-20) (E-18-25)
8. What do you need to know about types of business organizations to determine what best suits your ability and training?
9. How will the type of business organization you choose affect the training you need?

## FOURTH MEETING

### INDIVIDUALLY OWNED BUSINESSES

(At an individually owned business firm in December.)

(Note: Plan something special for the holiday season.)

#### ***Suggested Introductory Remarks for Leader:***

Some persons seeking careers may consider the establishment of an individually owned business. They are in the majority. Six out of ten businesses in the United States are individually owned and operated.

Individual business transactions are the oldest and most familiar type of trade. In ancient times, individuals traded and exchanged goods with their neighbors. Most of our early merchants engaged in business as individuals.

While many of our town and rural stores are individually operated, the individually owned business is more dominant in farming than any other segment of the economy. Service stations, crossroads groceries, farms, restaurants, and dry cleaners are often individually owned.

Individual business owners earn a living for themselves and their families by providing goods and services people are willing to buy.

Individual owners are responsible for decisionmaking, management, providing capital, and labor for their business enterprise.

The individually owned business has some advantages: It is easy to control-the owner's judgment is final, and any profits are the sole property of the owner-they need not be shared.

It has some disadvantages: Any losses or liability for debts are borne by the owner, capital is limited to what the owner can put up or borrow, and when the owner of an individual enterprise retires or dies, the firm ceases to exist unless provision has been made to pass it to someone else.

We appreciate Mr(s) \_\_\_\_\_ inviting us here. He (She) will explain how this individual business operates and career opportunities as a profession.

(After the owner finishes explaining how the business is operated, discuss the following questions.)

**Discussion Questions –**

**Individually Owned**

**Businesses**

1. Name three or more other businesses in your community that are individually owned. How do their services differ from the **firm** you're visiting?
2. How does the number of individually owned businesses in the United States compare with the number of business partnerships? Investor-owned corporations? Cooperative corporations? Why?
3. Are most farms in the United States operated as individually owned businesses? Are some farms incorporated? Why? (A-7) (B-6) (E-18)
4. What are some of the important things that affect the amount of profit that can be made in an individually owned business? (A-7) (B-6-7) (E-19) (F-10-11)
5. What are the opportunities in a career you might consider as an employee of an individual business operation? What are the opportunities as an individual business or profession?
6. What are some of the advantages and disadvantages of individually owned firms? (B-6-7) (E-19) (F-11)
7. Why is the individually owned business you're visiting operated as such?
8. What training does a person need to be a successful individual business operator other than training in a chosen career?
9. How does an individual get enough capital to start a business?
10. Should an individual work for someone else to gain experience before establishing an individual business?

**FIFTH MEETING**

**PARTNERSHIPS**

(At a firm operating as a partnership in January.)

**Suggested Introductory Remarks for Leader:**

Your career may be influenced by a family business or farm operation in which you could become a partner. A partnership is a business jointly owned by two or more people.

Partners are often able to accomplish by joint action what one could not do alone. They generally share the responsibility of managing, financing, and operating the business. Sometimes one partner has experience, another youth, another capital.

Partners usually work actively in the day-to-day operation of the firm. They expect to earn a livelihood by providing goods and services. Earnings are divided among partners according to the partnership agreement. Usually, this works out on the basis of how much experience, money, and time each has invested.

Partnership agreements should be in writing to avoid possible misunderstanding. This is especially important to you if your relatives not included in partnership operations have an inherited interest in the business.

Some advantages partnerships have over individually owned firms are: The amount of capital available is usually greater, several partners may bring special or new skills and training into the firm, and all profits belong to the partner-owners.

Some disadvantages include: If one partner makes a mistake that costs the business money, all the partners lose; each partner is liable for any and all debts of the partnership; and if one of the partners dies or leaves or a new partner wishes to buy into the firm, the other partner(s) must make a settlement and organize a new partnership.

We appreciate Mr(s) \_\_\_\_\_ and Mr(s) \_\_\_\_\_ inviting us to their business partnership called \_\_\_\_\_. They will explain how their partnership works and career opportunities.

(After the owners have finished explaining how their partnership operates, discuss following questions.)

#### **Discussion Questions – Partnerships**

1. Name three or more other business partnerships operating in your community. How do their services differ from the one you're visiting?
2. What are the advantages of a business partnership? Disadvantages? (A-7) (B-8-9) (E-21) (F-13)
3. What is the difference between an individually owned business and a partnership? (A-5-7) (B-8) (E-20-21) (F-10-13)
4. In a partnership, do all partners necessarily furnish the same amount of capital? If not, what are some of the possible arrangements? (A-7) (B-8) (E-21) (F-12-13)
5. In a partnership, how are profits (or losses) divided? (A-7) (B-8) (E-20) (F-12)
6. Why should a partnership agreement be in writing? Do you know of a partnership agreement, for example, between father and son(s)? Is this agreement in writing? Should it be in writing? (A-7) (B-8) (E-20) (F-12-13)
7. What usually happens to a partnership if one of the partners leaves or a new partner enters the business? (A-7) (B-9) (E-20) (F-12-13)
8. If you formed a partnership, what special skills would you want your partner to possess?
9. How does a partnership get more ownership capital with which to expand its operations? (A-7) (E-21)
10. If you had money to invest, would you be as willing to invest it in a partnership (by becoming a partner) 1,000 miles away as you would in a corporation 1,000 miles away? Why?
11. If you were a partner in a business that failed, would it be possible for you as a partner to lose more money than you had invested in the business? Explain. (A-7) (B-9) (E-21) (F-12)
12. Why is the business you're visiting operated as a partnership?
13. What are the opportunities in the career you are considering as an employee of a partnership firm? What are the opportunities if you find a suitable partner for forming a partnership business of your own?
14. What training is needed to operate a partnership successfully?

## SIXTH MEETING

### INVESTOR-OWNED CORPORATIONS

(At an investor-owned corporation in February.)

#### ***Suggested Introductory Remarks for Leader:***

Some of you may want a career working in larger business organizations. Others may want to work for a large organization to gain experience before starting a business of your own. In either instance, you probably will be working for a corporation.

Two major kinds of corporations are an investor-oriented corporation and a **member-user-oriented** cooperative corporation.

A corporation is a group of people empowered by law to act as a single person. In effect, the corporation is an artificial person. Both types of corporations are State chartered businesses, usually organized under the laws of the State in which they have their main **office**.

When people want to form a corporation, they **file** articles of incorporation-usually with their State government. Articles are statements of the type and scope of business the corporation will perform. The State issues the new corporation a charter when the articles meet requirements of laws governing corporations. The charter authorizes the corporation to organize, elect officers, borrow money, sell stock, own property, and perform other transactions necessary to conduct business. People who buy stock are called stockholders. Stockholders are the owners of the corporation.

Corporations are especially suited for large-scale activity and have several advantages over partnership and individual businesses? They can have many owners (stockholders), therefore, it is possible to get more money into the **firm**; limited liability-normally each stockholder risks only the amount invested; and ownership changes do not interrupt business operations.

Corporations have some disadvantages compared to individual and partnership firms: Stockholders are limited in decisionmaking to their right to vote; legal processes involved in organizing and operating a corporation may become time consuming, expensive, and tedious; and stockholders, customers, or member-patrons may feel corporate services become impersonal as the organization grows in size.

Stockholders in investor-owned corporations have as many votes as they own shares of voting stock. They use these votes to elect directors at the annual stockholders' meetings.

Directors decide policy, set goals and objectives, and hire the manager and may approve key staff members to manage the corporation. This staff is responsible for managing the firm's daily operation in a manner to achieve the goals and objectives established by the directors. It informs the board of operations and the extent to which goals and objectives are being achieved. The key staff hires operating employees.

Investor-owned corporations are established to make a profit for stockholders by selling goods or services. These profits are paid stockholders in the form of dividends in proportion to shares of stock held.

In dollar terms, more business is conducted in the United States through corporations than all other forms of business. Furthermore, corporations, both investor-owned and cooperative, operate in all segments of our economy.

We appreciate Mr(s) \_\_\_\_\_ inviting us to \_\_\_\_\_, an investor-owned corporation. He (She) will explain how this corporation is organized and career opportunities. As we proceed, he (she) may have others join us.

(After key staff members explain the corporation's operations and career opportunities, discuss the following questions.

**Discussion Questions –**  
**Investor-Owned**  
**Corporations**

1. List several well-known business corporations in your community. How do their services differ from the corporation you're visiting?
2. What do we mean by a corporate form of business? (A-7) (B-10) (E-22) (F-14)
3. What are the advantages of incorporating a business? Disadvantages? (B-12-14) (E-231 (F-15)
4. What are the features of an investor-owned corporation? (B-14) (E-22-23) (F-14-15)
5. What caused the corporate form of business to be developed? Is this found in other countries as well as the United States? (A-7-8) (E-22-23)
6. What caused more and more businesses to be set up as corporations? (A-8) (B-12-13) (E-22-23) (F-14-15)
7. Do corporations, as a rule, use more capital than individually owned businesses or partnerships? (A-7-8) (B-13) (E-22-23) (F-14-15)
8. How does one become a part owner of a corporation? (A-8) (B-13) (E-23) (F-14-15)
9. What are common stocks? What are preferred stocks? (A-21) (E-23)
10. How would you find out the price of a particular stock at any given time? (A-7)
11. Are stock brokerage services provided locally?
12. Does the owner of common stock in a corporation usually have any vote in the affairs of the corporation? How? What is meant by proxy voting? (A-21) (B-15) (E-23) (F-15)
13. Why does a corporation have a board of directors? How are these usually selected? (A-18-19) (D-29) (E-22)
14. What are the duties of the board of directors? Where can you find these for any particular corporation? (A-18-19) (D-29-31) (E-22)
15. What is the meaning of limited liability or limited risk in a corporation? (A-8) (B-13) (E-23) (F-15)
16. Does the Government exercise any control over corporations? Explain. (A-7) (E-16-17)
17. Does the corporation or corporate form of organization make it possible for consumers in the United States to have more and better goods and services, at cheaper prices, than would have been possible otherwise? (A-2-3) (E-17)
18. To whom do the profits made by an investor-owned corporation belong? How are these distributed? Who decides? (A-7-8) (B-15) (E-22-23) (F-14-15)
19. If a corporation loses money, who stands this loss? (A-8) (B-15)
20. What are the opportunities in the career you are considering as a corporation employee?
21. What training do you need to become employed in a corporation at the position you desire?
22. How do employees in a corporation gain advancement?
23. What training do corporations offer in the field you are considering for employment?
24. How does this training compare with other firms?

## SEVENTH MEETING

### COOPERATIVE CORPORATIONS

(Meet in March at a cooperative engaged in a different service than the sponsoring organization. This gives broader cooperative exposure.)

#### Suggested **Introductory Remarks for Leader:**

Member-user-oriented cooperative corporations have the same advantages as investor-oriented corporations over individual and partnership firms. A large number of people may jointly form the business. Cooperatives can keep on doing business during a change of ownership. Usually the owner's liability for debts of the **firm** is limited to the amount of the money each has invested.

Cooperative corporations, like investor-owned corporations, get their charter under a State law designed specifically for cooperatives.

Cooperative corporations are distinctive business corporations. They are formed by groups of people to get products or services that are otherwise: Unreliable, too expensive, poor or unsatisfactory quality, not available when needed, or otherwise unavailable.

Their owners invest with the purpose of using the cooperatives' services. Cooperatives provide a wide range of services in our country. These include credit, housing, medical care, electricity, telephone, insurance, marketing, supply procurement, and many more.

While cooperatives are found in all segments of our economy, they are especially valuable to farmers in marketing their products, acquiring supplies, or obtaining needed services.

Research by Agricultural Cooperative Service, U.S. Department of Agriculture, indicates that more than half of all farmers use farm marketing, supply, and service cooperatives. At the first handler level, farmers use cooperatives to market a third of their products. They purchase nearly a fourth of all farm supplies through cooperatives. They also use cooperatives for specialized needs such as trucking, storage, cotton ginning, and related services.

In contrast to businesses established to produce a return on investments, cooperatives are formed to provide services to their user-owners.

This relationship is based on five widely recognized distinct cooperative characteristics.

The first characteristic is democratic member control. In most cooperatives, each member has one vote, regardless of how much stock is owned or how much the cooperative's services are used.

In a few cooperatives, members vote according to their volume of business with the cooperative-number of pounds of milk, or crates of fruit marketed, for example. Members use their vote to elect a board of directors. The directors decide policy and employ a manager, and perhaps other key staff members.

The second characteristic stresses service at cost. Cooperatives achieve this by returning or allocating any excess of revenue over expenses to patrons in proportion to the amount of business each transacted with the cooperative. The amount allocated on the books rather than returned constitutes the member's equity account.

At least 20 percent of the patronage allocation must be returned in cash. The remaining portion is credited to patrons but retained by the cooperative to provide additional capital for operation and expansion. Directors decide how the distribution is computed, when it is distributed, and the form of the distribution.

The third characteristic is limited returns on capital members invest. Members may receive interest type payments limited to 8 percent or less for capital invested in their cooperative. Thus,

the cooperative may pay interest on member investments as one of the costs of business operation. Restrictions on investment returns discourage persons from taking advantage or control of cooperatives for their own personal gain. Many cooperatives pay no interest on member capital.

The fourth characteristic is member owned and financed. People organizing the cooperative invest their money in the business they plan to use. Their objective is to get desired services. They keep their right of individual ownership and decisionmaking, and enjoy the advantage of joint or mutual effort in pooling their resources to get services. Ideally, responsibility for financing the cooperative should be in proportion to use.

The fifth characteristic is limited operations. For agricultural marketing cooperatives, the Capper-Volstead Act provides farmers "may act together" in collectively marketing their products. This is usually called limited antitrust to producers. The act limits producers to operations of mutual benefit, and the association must not deal in products of nonmembers amounting to more than one-half the business. The act also protects the public by limiting the possibility of producers charging too high prices.

These five characteristics-Democratic member control, service at cost, limited returns on member capital, member owned and financed, and limited operations-distinguish cooperatives from investor-owned corporations.

We appreciate Mr(s) \_\_\_\_\_ inviting us to \_\_\_\_\_, a cooperative corporation engaged in \_\_\_\_\_. He (She) will explain how this cooperative is organized and career opportunities. As we proceed, others may join us.

(After key staff members explain cooperative operations and career opportunities discuss the following questions.)

#### **Discussion Questions – Cooperative Corporations**

1. List several cooperatives that offer services in your community or county. Include those serving farmers, consumers, and businesses.
2. How is a cooperative corporation like an investor-owned corporation? What makes a cooperative corporation distinctive? (A-8-9) (B-15) (D-3-6) (E-24-25) (F-17-19)
3. Why do people organize cooperatives? (A-8) (B-16) (C-1-2) (D-1-2) (E-24)
4. How does a person become eligible to vote in a cooperative? (A-10-1 1) (B-18) (C-4-5) (D-3-4) (E-24)
5. Why does a cooperative have a board of directors? (A-18) (D-29-31)
6. What are the duties of a board of directors? Where can you find the duties spelled out for any corporation? (A-18-19) (D-29-31)
7. Does the limited liability we discussed for the investor-owned corporation also apply to cooperative corporations? (A-9) (B-15-16) (E-25)
8. Does the Government exercise any control over cooperative corporations? Explain. (A-8) (B-16) (C-15-16) (D-9-10 and 19-21) (E-14-17)

9. **At** the end of the operating year, if a cooperative has a net margin, to whom does this money belong? Explain. (A-12) (B-18-19) (C-6-8) (D-4-5) (E-28-29)

10. What do we mean when we say that a cooperative corporation is a user organization, while the investor-owned organization is established for profit from serving others? (A-7-8) (B-16-17) (E-22-25) (F-22-25)

11. Why do farmers organize cooperatives? (A- 1-4) (C- 11) (D- 1)

12. Is there a profit motive in a cooperative? Explain. (A-12) (D-4) (E-24)

13. Why is efficient operation of a cooperative important? (A-12) (C-1 1) (D-31-33)

14. What is the meaning of service at cost in a cooperative? (A-1 1-12) (B-18) (C-6-9) (D-4-5)

15. What are some of the ways members can help strengthen a cooperative? (A-1 **7-18**) (D-28-291

16. Why are limits placed by law on the returns paid on invested capital in a farmer cooperatives? (A-11) (B-19) (C-9-10) (D-5) (F-19)

17. Why do members need to finance their cooperative? (A-21-23) (D-38-39)

18. How are cooperative operations limited? (D-6)

19. What are the five commonly accepted characteristics of cooperatives? (A-10-12) (B-17-20) (C-3-10) (D-3-6)

**20.** What are some of the important off-the-farm business activities farmers are doing through cooperatives? List several. Do cooperatives in your own community offer these services? (A-27-50) (B-21) (C-11-12) (D-8-9) (E-26-27)

21. If a group actually raises a substantial part of the money needed for a cooperative, what are some of the sources from which they may be able to borrow additional money? (A-23-26) (D-41-42)

**22.** State governments usually have statutes for the organization of cooperative corporations and investor-owned business corporations. Do these laws specify requirements and responsibilities for these corporations? Explain. (A-7) (B-16) (C-14-16) (D-9-10) (E-16-17)

**23.** What are some of the career opportunities you might **find** as a cooperative employee? (A-50-52) (B-21-22) (E-26-27)

**24.** What alternative career possibilities in cooperatives are you exploring that show promise? (A-50-52))

**25.** What training do you need to become employed in a cooperative at the position you want? (A-51-52)

26. What provisions are made for employee advancement in the cooperatives that interest you?

27. What training is offered by cooperatives you are considering for employment?

28. How does the career you are considering provide opportunity for using the fullest range of your abilities and interest? (A-53-54)

**WHAT COOPERATIVES LOOK FOR IN EMPLOYEES**

(Return to sponsoring organization for April meeting. Have key cooperative employees present.)

Suggested Outline for Leader or Manager (Use a tour or visual presentation) :

We are delighted to welcome you back to our cooperative. We want to tell you more about our organization. Our key employees have heard much about your activities and are anxious to meet you. (Introduce employees present.)

We are proud of our cooperative organization and its activities. We want to share this information with you.

- How our cooperative is organized.
- Activities in which we engage.
- Our plans for the future.
- Career areas in which we need employees.
- Other points of major interest or concern.

Suggested remarks for cooperative personnel director, manager, or leader:

Many of you will look for employment in business and industry when you finish your education. We hope some of you will **find** positions in cooperatives. We have shown you and talked to you about our cooperative. Many opportunities exist in this and other cooperatives in almost every career field. These include technical areas, distribution, research, journalism, accounting, and other areas.

Almost a fourth of our Nation's total work force is employed in agribusiness. As you seek employment, we hope you will not overlook satisfaction of service to members in cooperatives.

What we look for in our employees falls into three principal areas: Personal character, vocational ability, and other characteristics.

**Personal character.** As a member of (Youth Organization) , the high code of ethics of the organization has become a way of life with you. We consider membership in your organization and other youth groups of great value.

Personal traits that make you a good member are essential for success in our business organization: Integrity, self-control, truthfulness, loyalty, cooperativeness, dependability, and good personal appearance.

We place integrity first. Are you a person who can be counted on to do what you say you are going to do, a person who always tells the truth, and a person who respects the possessions of others?

Cooperativeness is extremely important. In these days when our relationships with each other are so complicated, the individual must work hard to get along with other people. **If you** are emotionally mature, consideration for others will be easier.

You should always want to be a credit to your employer and yourself. Thus, you should be concerned about personal grooming and personal behavior. Be up to date but not way out.

Good health is a desirable personal quality. Not everyone is a perfect specimen of physical health, and not all problems are correctable. Yet we can learn to make the best of what we have.

**Vocational ability** is important. Get a formal education, going as far as your ability will carry you in the field of your interest. Those entering technical fields should include sufficient courses in the humanities, in business, in the arts, to have a well-balanced education.

In today's business community, there is need for people with ability and practicality. This means people who are imaginative and creative in handling day-to-day problems.

The desire to achieve and **find** happiness in your work will do much to help win recognition and advancement. Be competitive and have the courage of your convictions.

**Other characteristics** such as knowing the community, its business activities, and the heritage of residents are valuable toward serving cooperative's patrons and understanding their problems. Employees who assume leadership positions in their communities generally demonstrate the same qualities in their jobs.

Cooperatives like employees who develop a sincere interest in the cooperative way of doing business. In addition to receiving a pay check, there is opportunity to serve the needs of people.

The speaker may want to tell the group how to apply for employment in the cooperative.

Provide for a question and answer period.

These suggested questions will help you get started:

1. Why do cooperative employees need to know about other methods of business organization?
2. Why should cooperative employees understand cooperative purposes, objectives, and operations?
3. Where do employees get information concerning cooperatives?
4. Do cooperative employees expect competitive salaries and benefits?
5. What responsibilities do cooperative employees have to become better prepared to perform duties?
6. What responsibilities do employees have to members?
7. What responsibilities do employees have to their manager?
8. How can employees build cooperative image?
9. What advantage, if any, is there to employees helping build cooperative image in the community?
10. What opportunity do cooperative employees have to serve the needs of people?

Optional-administer Cash-In exercise as shown in Appendix VII.

(Recognition dinner meeting with parents in May.)

For the final meeting ask parents, professional and business associates, and cooperative employees who have helped to attend the dinner. Invite newspaper, radio, and TV representatives.

Present special certificates of recognition to each youth who completed the program. (Sample certificate in Appendix IX.)

Express appreciation and present special certificates to each business and professional associate and cooperative employee who has helped with the program. (Sample certificate in Appendix X.)

Have photographer present to take pictures for appropriate local news story.

## Appendix I

### AMERICAN INSTITUTE OF COOPERATION

#### Sample Order Form

American Institute of Cooperation  
Suite 508  
1800 Massachusetts Ave., N.W.  
Washington, D.C. 20036

Please send \_\_\_\_ copies of *How We Organize To Do Business in America* and \_\_\_\_ copies of *Business in Our Community* for youth enrolled in *Opportunities in Cooperatives*.

Our check for \$\_\_\_\_ made to American Institute of Cooperation is enclosed based on publication cost table.

1 copy — free  
2-25 copies — \$1.00 each  
26-50 copies — \$.90 each  
**51-100 copies — \$.85 each**  
101-1000 copies — \$.80 each  
Over 10,000 copies — \$.70 each

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(Name)

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(Organization)

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(Street or Box No.)

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(Post Office-Zip Code)

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Agricultural Cooperative Service  
U.S. Department of Agriculture  
Washington, D.C. 20250

Please send one copy each of the following for young people enrolled in *Opportunities in Cooperatives*.

*Cooperatives in Agribusiness*. Cooperative Information Report 5.

*Cooperatives- Distinctive Business Corporations*. Cooperative Information Report 3.

*Cooperative Principles and Legal Foundations*. Cooperative Information Report 1, Section 1.

*Understanding Your Cooperatives*. Cooperative Information Report 6.

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(Name)

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(Organization)

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(Street or Box No.)

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(Post Office-Zip Code)

**Articles of Incorporation of \_\_\_\_\_  
(Name of Youth Cooperative)**

This is to certify that we, the undersigned, all of whom are residents and citizens of the State of \_\_\_\_\_ (and engaged in the production of agricultural products), hereby voluntarily associate ourselves for the purpose of forming a cooperative association with capital stock to be operated on a nonprofit basis under and by virtue of Chapter \_\_\_\_\_, Public Laws of \_\_\_\_\_ (State) \_\_\_\_\_, (19\_\_\_\_) and amendments thereto, and for that purpose adopt these Articles of Incorporation.

**Article I—  
Name and  
Place of Business**

The name of this corporation is \_\_\_\_\_ Youth Cooperative. The principal office of business of the association shall be at \_\_\_\_\_, in the County of \_\_\_\_\_, State of \_\_\_\_\_

**Article ii- Purpose**

The cooperative is formed for the following purpose: To purchase and sell for and to members any supplies desired by the membership and to conduct any other business authorized or allowed cooperatives organized under Chapter \_\_\_\_\_ of the \_\_\_\_\_ State \_\_\_\_\_ (19\_\_\_\_) General Assembly, all on a cooperative basis for the mutual benefit of participating youth.

This cooperative may sell to nonmembers provided the supplies sold to nonmembers are not greater in value than those sold to members.

**Article III—  
Powers, Limitations**

This cooperative shall have the following powers:

- (a) To borrow money without limitation, to give a lien on any of its properties as security for loans, and to make advance payments.
- (b) To act as the agent of any member or members in any of the activities mentioned in Article II hereof.
- (c) To advertise and develop markets for items handled by the cooperative.
- (d) To buy, lease, hold, and exercise all privileges of ownership over such real or personal property as may be necessary to conduct the business of the cooperative.
- (e) To acquire, own, and develop any interest in patents, trademarks, and copyrights connected with or incidental to the business of the cooperative.
- (f) To have and exercise, in addition to the foregoing, all powers, privileges, and rights conferred on investor-owned corporations by the laws of this State except such as are inconsistent with the express provision of Chapter \_\_\_\_\_ of the \_\_\_\_\_ State \_\_\_\_\_ (19\_\_\_\_) General Assembly.

**Article IV—  
Period of Duration**

This cooperative shall start at the beginning of the cooperative youth program sponsored by \_\_\_\_\_ Organization \_\_\_\_\_ on (Date) and terminate at the end of it \_\_\_\_\_ (Date).

**Article V-Directors**

**The** board of directors of the cooperative shall consist of not fewer than seven members elected from the membership of the cooperative.

**Article VI- Membership**

Any participant in youth program sponsored by \_\_\_\_\_ (Organization) \_\_\_\_\_ shall be entitled to membership.

**Article VII— Capital Stock**

Section I. The authorized capital stock of the cooperative shall be one hundred shares (100) of common stock with a par value of one dollar (\$1 .00) per share.

Section 2. The common stock of the cooperative shall be issued to and held by member patrons of said cooperative and no person, firm or corporation shall own or hold at any time more than one share of such common stock or shall have more than one vote in transacting business of the said cooperative. The transfer of said common stock must be approved by the board of directors.

IN TESTIMONY WHEREOF, We have set our hands this \_\_\_\_\_ of \_\_\_\_\_

/s/ \_\_\_\_\_ (address)

State of \_\_\_\_\_

County of \_\_\_\_\_

The execution of the foregoing application for charter of the (Name of Youth Cooperative) was this day duly acknowledged before me by \_\_\_\_\_, one of the incorporators therein named, for the purpose therein expressed.

Witness my hand and official seal, this the \_\_\_\_\_ day of \_\_\_\_\_, A.D., 19  
(Notary Seal)

My Commission Expires

Bylaws of \_\_\_\_\_  
(Name of Youth Cooperative)

**Article I—  
Purposes and Power**

**The** purposes for which this cooperative is formed and the powers it may exercise are set forth in the articles of incorporation.

**Article II- Membership**

**Section 1.** Qualifications. Any person who is a bona fide youth participant of the program sponsored by \_\_\_\_\_, and who agrees to be a patron of the cooperative and who pays such membership fees and **meets** such other conditions as prescribed by the board of directors, may become a member of the cooperative. This cooperative shall issue a certificate of membership to each member that shall be in the form prescribed by the board of directors but shall not be transferable.

**Section 2.** Suspension or Termination. If, following a hearing, the board of directors **finds** that a member has ceased to be an eligible member, it may suspend the rights as a member or terminate the membership. Upon termination of membership in the cooperative, all rights and interests of such member in the cooperative shall cease and such member shall be entitled only to payment or credit not to exceed the par value of the common stock certificate.

**Article III—  
Meeting of Members**

**Section 1.** Regular Meeting. A regular membership meeting shall be held fifteen (15) minutes prior to the regular monthly youth program meeting in the town of \_\_\_\_\_ State of \_\_\_\_\_, at the designated meeting place for the **month** or on a date the board of directors shall **designate** at least thirty (30) days in advance of the dates specified above.

**Section 2.** Special Meetings. Special meetings of the members of the cooperative may be called at any time by order of the board of directors.

**Section 3.** Notice of Meetings. Written or printed notice of every regular and special meeting of members shall be prepared and given or mailed to each member not fewer than **five** (5) days before such meeting. Such notice shall state the object or objects of and the time and place of meeting. 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 (1) vote.

**Section 5.** Quorum. Fifty percent of members shall constitute a quorum.

**Article IV—  
Directors and Officers**

**Section 1.** Number and Qualifications of Directors. The cooperative shall have a board of seven (7) members. Each director shall be a member of the cooperative in good standing.

**Section 2.** Election of Directors. At the organizational meeting of the members of the cooperative, directors shall be elected to serve on a staggered basis. Two (2) directors shall be elected to serve two (2) months, two (2) directors shall be elected to serve four (4) months, two (2) directors shall be elected to serve six (6) months, and one (1) director shall serve for the duration of the cooperative, and thereafter each director shall be elected for the duration of the limited life of the cooperative.

At least two (2) nominees shall be nominated for each directorship. All directors shall be elected by secret ballot and the nominee receiving the greatest number of votes for each position shall be elected. No director may be re-elected to the board until two (2) months elapse from previous service.

**Section 3.** Election of Officers. The board of directors shall meet within seven (7) days after the **first** election and each election thereafter and shall elect by ballot a president, vice president,

secretary and treasurer, each of whom shall hold office until the election of a successor or the dissolution of the cooperative.

**Section 4.** Officers Duties. The duties of the president shall be to preside at all director meetings, preside at all cooperative member meetings, and promote the interest of the cooperative.

The vice president shall work with and act in the absence of the president and work with the manager in sales promotion.

The secretary-treasurer shall see that the membership roll is in order and keep the minutes of all board and membership meetings. This **officer** shall keep the record of all business transactions and provide the auditor all financial information necessary for preparing the final operating statement and balance sheet at dissolution of the cooperative.

**Section 5.** Manager. The board of directors upon organization shall appoint a manager. This person shall be responsible for the efficient conduct of business operations. This shall include appointment and supervision of all assistants appointed in the various operating groups.

**Section 6.** Auditor. The board of directors shall appoint an auditor to audit the treasurer's books and present a certified operating statement and balance sheet to the directors for the final membership meeting.

**Section 7.** Vacancies. When a vacancy occurs on the board of directors, other than the expiration of a term of office, the remaining directors shall appoint a member to fill the vacancy until the next regular member meeting.

**Section 8.** Board Meetings. In addition to meetings mentioned above, the regular meeting of the board of directors shall be held monthly or at such times and at such places as the board may determine upon 48 hours' oral or written notice.

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

## **Article V-Dissolution**

This cooperative shall be dissolved as specified in the Articles of Incorporation.

Upon the dissolution of this cooperative, all debts and liabilities of this cooperative shall first be paid according to their respective priorities.

Distribution of net margins may be made at the recommendation of the board of directors and subject to the majority vote of the members on all or any portion of the net margins and may be distributed in any of the following ways:

- (1) Declare patronage allocations be returned to all patrons in proportion to their purchase.
- (2) Declare patronage allocations be returned only to those patrons who are members of the cooperative.
- (3) Set aside funds toward payment of banquet at end of program.
- (4) Or a combination of any of the above three.

Upon unanimous recommendation of the board of directors and unanimous vote of the membership all or any part of the membership fees and/or net margins of this cooperative may be given to any worthwhile cause in keeping with the purpose of the participating youth organization(s).

## **Article — VI**

Bylaws may be amended or altered at any regular or special member meeting called for that purpose, by a majority of the members voting thereon.

*This is to certify that*

---

(Name)

*of*

---

(address)

*is a member of  
Youth Cooperative  
and is entitled to all rights, benefits,  
and privileges of the cooperative.*

*Dated*

---

(Secretary)

---

This quiz series is provided for cooperatives wanting to send one or more youths to the annual conference of the American Institute of Cooperation or who want to select and recognize the outstanding youth at the final meeting.

**Directions**

- At the close of meetings 2 through 7, pass out appropriate Check exercise. When allotted time is up, exchange papers for correcting. Discuss as necessary. Leader should collect papers and record before next meeting. Each question counts one (1) point. There are 50 questions for all the Check exercises. If desired, a token prize may be given for high score(s) each time.
- At the eighth meeting, plan a short review program to allow time for the Cash-In exercise. The cooperative leader should collect papers for grading and recording. There are 50 questions for the Cash-In quiz. Each question counts one (1) point.
- Add the scores of Check exercises and Cash-In exercise to determine high scorer-possible score 100.
- Announce high scorers and make awards at ninth meeting (dinner with parents).

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BE SURE YOUTH DO NOT HAVE ADVANCE ACCESS TO CHECK OR CASH-IN EXERCISES OR ANSWERS.

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## Appendix V

## Check Exercises

### Check Exercise for Second Meeting (The Business World)

(Sponsoring Organization) \_\_\_\_\_

(Name of Youth) \_\_\_\_\_

(Date) \_\_\_\_\_

(Score) \_\_\_\_\_

#### Instructions

Each statement counts one point.

Each statement is either TRUE OR FALSE. Place a "T" to the left of each true statement and an "F" to the left of each false statement.

Each statement you answer incorrectly counts one point off. Each statement you leave blank counts one point off.

You have 5 minutes to do this exercise. Each person must work individually.

**Check Exercise-** \_\_\_\_\_ 1. For the American business system to operate, people involved need to understand and respect private property rights.

\_\_\_\_\_ 2. In the American business system, the business owner may fail as well as succeed or make a profit.

\_\_\_\_\_ 3. It is important to have officers in any organization.

\_\_\_\_\_ 4. Our Government does not provide any control over, regulation of, or help to any business in this country.

\_\_\_\_\_ 5. The American business system does not provide any benefits to consumers with its goods and services.

\_\_\_\_\_ 6. Business organization is one key to the remarkable development of American business.

\_\_\_\_\_ 7. The articles of incorporation and bylaws of an organization are prepared to help it function more effectively.

\_\_\_\_\_ 8. Most organizations desire trained personnel who show enthusiasm, hope, and imagination.

\_\_\_\_\_ 9. Persons who become members of an organization may give up some individual freedom.

\_\_\_\_\_ 10. Most of the goods and services we have in the United States are produced by businesses of various types rather than by Government owned and operated business organizations.

### Check Exercise for Third Meeting (How Businesses Operate)

(Sponsoring Organization) \_\_\_\_\_

(Name of Youth) \_\_\_\_\_

(Date) \_\_\_\_\_

(Score) \_\_\_\_\_

**Instructions:**

Each statement counts one point.

Each statement is either TRUE OR FALSE. Place a "T" to the left of each true statement and an "F" to the left of each false statement.

Each statement you answer incorrectly counts one point off. Each statement you leave blank counts one point off.

You have 5 minutes to do this exercise. Each person must work individually.

**Check Exercise-** \_\_\_\_\_ 1. Most of the total business in the United States is conducted by business rather than Government organizations.

**How Businesses**

**Operate**

\_\_\_\_\_ 2. Corporations tend to be larger than individually owned firms and partnerships.

\_\_\_\_\_ 3. Most individually owned businesses have boards of directors.

\_\_\_\_\_ 4. Each State specifies by State law the requirements that must be met before a business organization is permitted to incorporate.

\_\_\_\_\_ 5. For each of us to effectively use the right to own private property, to trade or sell such property, or pass it on to our heirs, the right must be protected by law.

\_\_\_\_\_ 6. Most businesses can be grouped into one of three types: individual ownership, partnership, corporations.

\_\_\_\_\_ 7. Production and marketing always must be planned together.

\_\_\_\_\_ 8. A well-managed business may lose money for a period of time.

In the successful operation of a business, attention must be given to the use of capital, labor, and management.

\_\_\_\_\_ 10. It is unnecessary to do any organizing to successfully conduct a business.

### **Check Exercise for Fourth Meeting (Individually Owned Businesses)**

(Sponsoring Organization) \_\_\_\_\_

(Name of Youth) \_\_\_\_\_

(Date) \_\_\_\_\_

(Score) \_\_\_\_\_

Instructions:

Each statement counts one point.

Each statement is either TRUE OR FALSE. Place a "T" to the left of each true statement and an "F" to the left of each false statement.

Each statement you answer incorrectly counts one point off. Each statement you leave blank counts one point off.

You have 3 minutes to do this exercise. Each person must work individually.

**Check Exercise- \_\_\_\_\_**

**Individually Owned Businesses**

1. Owners of individually owned businesses are responsible for decisionmaking, management, and providing capital for their respective organizations,
2. Most farms in the United States are owned and operated as individually owned businesses, but some are partnerships, and some are corporations.
3. If an individually owned business were to fail, it would not be possible for the owner to lose more than invested in the business.

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### Check Exercise for Fifth Meeting (Partnerships)

(Sponsoring Organization) \_\_\_\_\_

(Name of Youth) \_\_\_\_\_

(Date) \_\_\_\_\_

(Score) \_\_\_\_\_

**Instructions:**

Each statement counts one point.

Each statement is either TRUE OR FALSE. Place a "T" to the left of each true statement and an "F" to the left of each false statement.

Each statement you answer incorrectly counts one point off. Each statement you leave blank counts one point off.

You have 3 minutes to do this exercise. Each person must work individually.

**Check Exercise- Partnerships** \_\_\_\_\_

1. It takes four or more people to form and operate a partnership.
2. **No** partnership either buys from or sells to corporations.
3. In a partnership, the **firm** continues to operate without reorganization if one of the partners withdraws or dies.
4. Most businesses were partnerships in early U.S. history.
5. Partnerships derive capital from individual resources, borrowing from commercial banks, other financial institutions, and sale of shares of stock.

### **Check Exercise for Sixth Meeting (Investor-Owned Corporations)**

(Sponsoring Organization) \_\_\_\_\_

(Name of Youth) \_\_\_\_\_

(Date) \_\_\_\_\_

(Score) \_\_\_\_\_

**Instructions:** Each statement counts one point.

Each statement is either TRUE OR FALSE. Place a "T" to the left of each true statement and an "F" to the left of each false statement.

Each statement you answer incorrectly counts one point off. Each statement you leave blank counts one point off.

You have 5 minutes to do this exercise. Each person must work individually.

**Check Exercise-** \_\_\_\_\_ 1. Many thousands of stockholders may own an investor-owned corporation.

**Investor-Owned**  
**Corporations** \_\_\_\_\_ 2. Usually, because of the limited personal liability, it is easier to get people to invest money in an investor-owned business corporation than in a partnership.

\_\_\_\_\_ 3. One advantage of a corporation is that it can continue without having to reorganize if one or more of the owners withdraws or dies.

\_\_\_\_\_ 4. The certificate issued by a State government to a group of people authorizing them to conduct business as a corporation is usually referred to as bylaws.

\_\_\_\_\_ 5. People set up investor-owned business corporations primarily to make a profit on their investment.

\_\_\_\_\_ 6. The dollar value of business transacted by corporations of various kinds in the United States is smaller than all business conducted by individually owned and partnership firms combined.

\_\_\_\_\_ 7. The key staff of a corporation usually determines policy.

\_\_\_\_\_ 8. A corporation is a group of people empowered by law to act as a single person spoken of as legal entity.

\_\_\_\_\_ 9. Stockholders in an investor-owned corporation have as many votes as they own shares of voting stock.

\_\_\_\_\_ 10. Corporations may employ people trained for many different careers.

### Check Exercise for Seventh Meeting (Cooperative Corporations)

(Sponsoring Organization) \_\_\_\_\_

(Name of Youth) \_\_\_\_\_

(Date) \_\_\_\_\_

(Score) \_\_\_\_\_

**Instructions:** Each statement counts one point.

Each statement is either TRUE OR FALSE. Place a "T" to the left of each true statement and an "F" to the left of each false statement.

Each statement you answer incorrectly counts one point off. Each statement you leave blank counts one point off.

You have 5 minutes to do this exercise. Each person must work individually.

**Check Exercise- Cooperative Corporations** \_\_\_\_\_

1. Five basic cooperative characteristics are (1) democratic member control, (2) operations at cost, and (3) limited returns on capital, (4) member-owned and financed, and (5) operations are limited.
2. A cooperative may be organized to provide goods and/or services to members in almost any endeavor where need exists.
3. Because a cooperative business corporation is set up primarily to benefit members as users, it is logical for members to exercise control over its affairs.
4. All cooperatives vote on the basis of "one vote per member."
5. If members are to get the most benefit, then cooperative businesses need to be operated as efficiently as any other type of business.
6. Boards of directors in cooperative businesses are nominated by the manager.
7. Usually the employees of a cooperative who work under the manager are hired by the board of directors.
8. Basic business principles practiced by cooperatives are essentially different from those followed by other businesses.
9. Cooperatives employ people with training similar to those employed in investor-owned corporations to perform similar jobs.
10. Most employers seek specific skills of a high order today, but cooperatives offer a short cut to your career.

(Optional exercise on total program to use at eighth or **final** meeting before dinner meeting with parents.)

(Sponsoring Organization) \_\_\_\_\_

(Name of Youth) \_\_\_\_\_

(Date) \_\_\_\_\_

(Score) \_\_\_\_\_

**Instructions  
for Cash-In Exercise**

Time: 30 minutes (approximately)

PRINT INFORMATION CALLED FOR AT TOP RIGHT OF THIS PAGE. READ EACH STATEMENT CAREFULLY BEFORE ANSWERING IT. ALLOT YOUR TIME SO YOU WILL BE ABLE TO ANSWER EACH OF THE STATEMENTS WITHIN THE TIME LIMIT. THERE IS NO CREDIT FOR BLANKS. EACH STATEMENT COUNTS ONE POINT. A PERFECT SCORE IS 50.

Each of the following statements is either TRUE OR FALSE. Place a "T" to the left of each true statement. Place an "F" to the left of each false statement.

**Cash-In Exercise** \_\_\_\_\_

1. As organizations of people get larger, how members relate themselves to each other in the organization becomes less important.
- \_\_\_\_\_ 2. The term "American business system" means owners of businesses are free to decide what the firm does without regard to Federal or State laws.
- \_\_\_\_\_ 3. The bargaining power of the individual farmer is great because each is the only source of a product that the buyer has.
- \_\_\_\_\_ 4. An increasing number of agribusiness job opportunities are developing in farmer-owned cooperatives.
- \_\_\_\_\_ 5. Executive **officers** of corporations comprise the governing body who determines policy.
- \_\_\_\_\_ 6. Rural electric cooperatives have helped increase electric power and service for rural residents substantially since 1935.
- \_\_\_\_\_ 7. In trying to determine whether a cooperative organization is "good," it is important to **find** out whether it is accomplishing the objectives of the members efficiently and economically.
- \_\_\_\_\_ 8. Many area vocational schools, junior colleges, and technical institutes offer programs leading to agribusiness and other business careers.
- \_\_\_\_\_ 9. Directors of corporations are elected at annual meetings.
- \_\_\_\_\_ 10. Agricultural Cooperative Service, USDA, was established nearly 100 years ago.

- \_\_\_\_\_ 11. A corporation is an artificial person or entity created by law.
- \_\_\_\_\_ 12. Most corporations are incorporated under and chartered by State law.
- \_\_\_\_\_ 13. Cooperative members' share of capital investment should be large enough to make them realize they have a financial stake in the business.
- \_\_\_\_\_ 14. Cooperatives' net margins are distributed primarily on the basis of shares of stock.
- \_\_\_\_\_ 15. The manager of a corporation decides what the corporation will do, and the board of directors decides how it can best be done.

Cooperatives and investor-owned corporations follow similar business procedures in striving for efficiency, meeting competition, seeking innovations, and in being cost-conscious.

- \_\_\_\_\_ 17. The main sources of plant and equipment loans for farm supply and marketing cooperatives are Banks for Cooperatives, commercial banks, insurance companies, and other cooperatives.
- \_\_\_\_\_ 18. Businesses are seeking employees trained to use the fullest range of their abilities and interest in pursuing their goals.
- \_\_\_\_\_ 19. Service cooperatives usually have been organized by those who felt needs for services that were not available at reasonable costs.
- \_\_\_\_\_ 20. A farmer who wishes to borrow money through a Federal Land Bank Association must own or buy stock in that association.
- \_\_\_\_\_ 21. Because cooperatives are operated on a service-at-cost basis, they are not as interested in increasing their volume of business as are investor-owned corporations.
- \_\_\_\_\_ 22. The manager of a cooperative has the same problems and uses similar techniques for operating the organization as a manager of an investor-owned corporation.
- \_\_\_\_\_ 23. Many career opportunities abound in the agribusiness field for young people properly trained.
- \_\_\_\_\_ 24. Cooperative corporations are physically unlike **firms** that perform similar services.
- \_\_\_\_\_ 25. In today's world of big business, cooperatives have become obsolete.
- \_\_\_\_\_ 26. Rural electric cooperatives issue stock shares in accordance with patronage.
- \_\_\_\_\_ 27. Mutual irrigation companies supply water for about a quarter of the land irrigated in the United States.

In the 28. day-to-day operations, cooperatives operate much differently from other types of businesses.

- \_\_\_\_\_ 29. The Government does not exercise any control over business.
- \_\_\_\_\_ 30. Occupations in agribusiness that are similar to those in other businesses require similar qualifications.
- \_\_\_\_\_ 31. One major advantage of a corporation is continuity of existence.

\_\_\_\_\_ 32. Cooperatives make it possible for members to pool their resources and at the same time retain a large share of their personal freedom.

\_\_\_\_\_ 33. Most corporations are incorporated by, and chartered by, Federal law.

\_\_\_\_\_ 34. Mutual tire and life insurance companies are usually chartered as cooperatives.

\_\_\_\_\_ 35. Farmers are the only business people in the United States who use the cooperative form of business.

Mu/tip/e-Choice Questions Mark the letter of the best alternative given.

\_\_\_\_\_ 36. The cooperative had \$30,000 left over after paying all costs, including 5 percent dividends on the \$50,000 capital stock outstanding, and all taxes. This \$30,000 belongs to:

- The users of the services during the year, and is supposed to be divided equally among them;
- the stockholders, as an additional return above the 5 percent on the invested capital;
- the users of the services of the cooperative during the year and should be divided among them according to the amount of use each made of the cooperative services during the year.

\_\_\_\_\_ 37. A large cooperative has \$1 million invested in buildings, facilities and equipment. The **office** secretary needs a new typewriter. Whether she gets a new typewriter would be decided usually by:

- A vote of the total membership of the cooperative;
- a vote of the cooperative board of directors;
- the general manager or the head office secretary.

\_\_\_\_\_ 38. A cooperative is distinguished from other kinds of businesses in that:

- it issues stock;
- its prices are usually lower for things bought and higher for things sold;
- the excess of revenue over expense is allocated to patrons on a patronage basis;
- it is not a corporation.

\_\_\_\_\_ 39. Cooperatives can be organized to transact business in:

- only farm products and needs;
- only farm and farm supply services;
- only farming, farm supply and food processing, and distribution services;
- almost any legitimate **field** or activity, farm related or otherwise.

\_\_\_\_\_ 40. In a partnership, each partner is responsible for repayment of partnership debts:

- to the limit of the amount each has invested in the partnership;
- to one half of what each has invested in the partnership;
- none of the debts;
- dependent on terms of the partnership agreement.

\_\_\_\_\_ 41. American Institute of Cooperation is organized as:

- (a) a marketing cooperative;
- (b) a bargaining cooperative;
- (c) an educational organization of farmer cooperatives;
- (d) a part of Agricultural Cooperative Service.

\_\_\_\_\_ 42. Credit Unions are usually formed among persons:

- (a) without common bond of employment;
- (b) without business interest;
- (c) with common bond of employment or association;
- (d) seeking to make a profit.

\_\_\_\_\_ 43. Of the following, which is the most important in contributing to increased production?

- (a) Natural resources;
- (b) labor;
- (c) capital;
- (d) management;
- (e) all four.

\_\_\_\_\_ 44. In selecting a career, the most important consideration should be:

- (a) regular hours;
- (b) achieving your goals;
- (c) independence;
- (d) high pay.

#### **Matching**

Place an "a" before those groups of people involved directly in daily operation of a business and the letter "b" before those who are not involved.

\_\_\_\_\_ 45. Manager

\_\_\_\_\_ 48. Fieldmen

\_\_\_\_\_ 46. Clerical help

\_\_\_\_\_ 49. Accounting staff

\_\_\_\_\_ 47. Product supplier

\_\_\_\_\_ 50. Creditor

(Note: These are considered the most nearly correct answers for national conditions.)

**CHECK EXERCISES****Business *World Check***

1. T
2. T
3. T
4. F
5. F
6. T
7. T
8. T
9. T
10. T

***How Businesses Operate***

1. T
2. T
3. F
4. T
5. T
6. T
7. F
8. T
9. T
10. F

***Individually Owned Business***

1. T
2. T
3. F
4. T
5. F

***Partnerships***

1. F
2. F
3. F
4. F
5. F

***Investor-Owned Corporations***

1. T
2. T
3. T
4. F
5. T
6. F
7. F
8. T
9. T
10. T

***Cooperative Corporations***

1. T
2. T
3. T
4. F
5. T
6. F
7. F
8. F
9. T
10. F

**CASH-IN EXERCISE*****TRUE OR FALSE***

1. F
2. F
3. F
4. T
5. F
6. T
7. T
8. T
9. T
10. F
11. T
12. T
13. T
14. F
15. F
16. T
17. T
18. T
19. T
20. T
21. F

22. T
23. T
24. F
25. F
26. F
27. T
28. F
29. F
30. T
31. T
32. T
33. F
34. T
35. F

***MULTIPLE CHOICE***

36. c      41. c
37. c      42. c
38. c      43. e
39. d      44. b
40. d

***MATCHING***

45. a
46. a
47. b
48. a
49. a
50. b

*Certificate of Recognition  
Presented to*

---

*(Name)*

*for completion of the experience offered through*

---

*(Name of Youth Cooperative)*

*Presented this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_*

---

*(Name of Sponsoring Organization)*

---

*(Manager)*

---

*(Leader of Youth)*

*Certificate of Appreciation  
Presented to*

---

*(Name)*

*for business and career assistance and leadership  
in the Program*

---

*(Name of Youth Cooperative)*

*Presented this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_*

---

*(Name of Sponsoring Organization)*

---

*(Manager)*

---

*(Leader of Youth)*

Cooperative Business Enterprises. Martin A. Abrahamsen. 1976.491 pp.  
McGraw Hill, Inc.

Slides and film strips

Slides to accompany "Understanding Your Cooperatives."  
"Cooperatives - Distinctive Business Corporations."  
Purchase from American Institute of Cooperation.

16 mm films

"Cooperatives the Farmers' Way." Color. 24 minutes.  
"How People Do Business in Our Democracy." Color. 14 minutes.  
Purchase from American Institute of Cooperation.

Check Farm Credits Banks, regional cooperatives, rural electric and telephone cooperatives, stockbrokers, and other local business organizations for useful publications, slides, and films. Slides and films listed above may be available through your local cooperatives.

\* U.S. Government Printing Office : 1988 - 517-899/62868

**U.S. Department of Agriculture**  
**Agricultural Cooperative Service**  
**Washington, D.C. 20250**

Agricultural Cooperative Service (ACS) provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The agency (1) helps farmers and other rural residents develop cooperatives to obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

ACS publishes research and educational materials and issues Farmer Cooperatives magazine. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, age, handicap, or national origin.