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# Member Control Mechanisms From Western Europe

Thomas W. Gray

This paper applies concepts of member sovereignty (capability of people to create and effect decisions on how a system should operate and change) and equality (even distribution of articulation possibilities among members) to large agricultural cooperatives. Equality is reconceptualized to refer to elected member representativeness in large cooperatives. An elite interviewing technique was used to gather descriptions of control structures and mechanisms in five Western European countries. Interviews were conducted with decision makers in apex cooperative education organizations. Hierarchal membership structures are described, weaknesses are pointed out, and options to improve member sovereignty and elected member representativeness are discussed.

In state systems, democracy is considered a form of decision making allowing large numbers of people to participate and containing provisions for sovereignty and equality.<sup>1</sup> Sovereignty generally refers to the capability of people to create and affect decisions on how the system should operate and change. It refers to the possibilities for articulation of needs, wants, and opinions into decision making. Equality, a subset of sovereignty, refers to individual access to decision making. It asks if articulation possibilities are evenly distributed among citizens (Craig).

In cooperatives following democratic principles, opportunities exist to serve sovereignty and equality (commonly lumped together and referred to as member control). However, requirements vary by size of cooperative.

In small cooperatives, those that can accommodate their total membership in town-meeting type decision making, sovereignty and equality do not present compromising problems. Decision making involves "frequent informal discussions and meetings of the [members] to identify problems, discuss solutions, decide on a course of action and instruct elected representatives what to do" (Craig, p. 192).<sup>2</sup> Meetings are open and all members attending have an equal chance to participate. Furthermore, membership tends to be homogeneous across several characteristics. Elected representatives tend to be representative, i.e., they tend to embody most of the

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wants, needs, and opinions typical of the general membership. Therefore decisions made between meetings by elected officers tend toward a general member consensus.

When cooperatives grow into thousands of members, a direct style of democracy becomes impossible. The shape democratic decision making must take in pursuit of sovereignty and equality changes. All members cannot be assembled at one place at one time. If they could be, getting member input organized, articulated, and discussed would be impossible. Organizational positions must be created to avail members' articulation possibilities. Further, issues of equality are transformed to ones of representativeness. Are elected members representative of their constituencies? Are they able to represent a diversity of interests?<sup>3</sup>

Various works have discussed and documented, either implicitly or explicitly, changes in member control, perceived member control, and member participation (taken as a proxy for control) (Mogehøj; Utterström; Lasley; Elitzak and Boynton; Als). Much discussion has revolved around the relation of these variables to size of cooperative. Earlier works tend to conclude, "the larger the organization, the smaller the proportion of members who participate" (Warner and Hilander, p. 39). More recent works do not find this relationship (Lasley; Elitzak and Boynton; Als). Ollila (1984, p. 113) raises, perhaps, a more interesting point. "Even if an equal amount of member influence [such as that gained through participation] could be obtained in various sizes of cooperatives, the requirements for the preference expression systems are different."

A central dilemma for cooperatives is combining advantages of economies of scale with mechanisms that preserve and enhance member sovereignty and equality/representativeness. At a minimum, mechanisms capable of handling large numbers of members (and possibly diverse member subgroups) are needed. They must decentralize input points for decision making while minimizing losses of relative influence as membership grows.

Unfortunately, most work on control mechanisms available to U.S. researchers and cooperators has been limited to discussions on federated versus centralized macrostructures (Hudson; Tucker, Roof, and Monroe; Fryar). Few studies have dealt with microcontrol structuring and control options.<sup>4</sup> Conversely, European researchers and cooperators have a long tradition of recognizing the importance of member involvement and control, particularly in the Scandinavian countries (see Ollila 1983).

In the fall of 1985 this author participated in a scientific and technical exchange to five Western European countries: The Netherlands, West Germany, Denmark, Sweden, and Norway. The exchange's primary focus was to record mechanisms used or planned for large complex agricultural cooperatives to address sovereignty and representativeness, i.e., member control structuring. Control structuring was taken broadly to mean the organized representation system, elected offices, levels of offices, delegations of authority, election procedures, and other permanently instituted options to improve member control.

Interviews were conducted with decision makers in apex cooperative education organizations of each country and with cooperative researchers and cooperative personnel. Resources did not permit broad-based surveying and interviewing in Europe. Rather, and in accordance with Dexter,

we relied on the experience and organizationally privileged positions of interviewees for insights into conventions, innovations, and ideas tried and planned in the European context. They were our experts in the field. A list of organizations visited is presented in the appendix.

This paper describes existing and proposed member control mechanisms found in countries visited and notes points of discussion emerging out of these interviews. Formal hierarchal structures are described, and several structural improvements are noted. Voting methods used to improve member representativeness are also described—in particular a “priority voting” system used by a Danish cooperative. Finally, innovative decision-making and problem-solving techniques are discussed. Historically, European cooperatives have proven models for organizational development. Observations here are provided as possible templates for further development in the U.S. context.

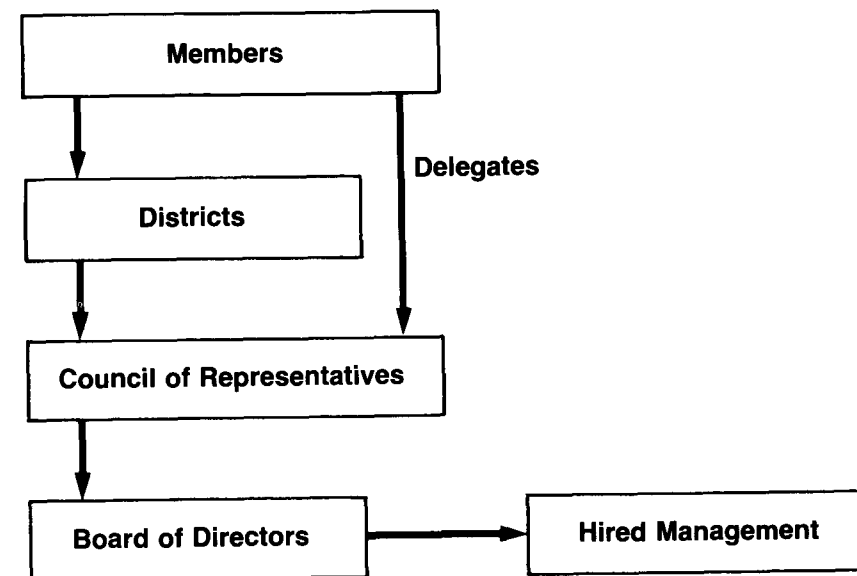
### Hierarchal Structure

Many large complex cooperatives of the five countries visited used a member-district-council-director structure as depicted in figure 1. Larger cooperatives add additional levels. Figure 2 presents a Danish model with an additional “regional level” represented between districts and the Board of Representatives (variously referred to as Board of Representatives, Parliament of Members, or Council of Representatives in the countries visited). Under these arrangements, primary members may elect some combination of: (1) delegates who go to the Board of Representatives, (2) members of the local “district” committee, and possibly (3) a local member to the regional committee. The local district chairperson may serve as regional representative. Typically, all regional directors meet with and are part of the Council of Representatives. The Council elects the Board of Directors either at large or by region.

Historically, these layered structures have been accommodations to increasing membership sizes and are upgrades from simple at-large structures (see figure 3). In at-large structures only one level of representation exists above the primary membership. As suggested previously, when member numbers are small and members tend to be homogeneous across several characteristics, sovereignty and equality are more easily addressed. However, as memberships, activities, and geographic regions served expand, simple direct representation becomes problematic. Relative influence of the individual drops precipitously. At-large election tends to leave broad-based representativeness to chance. If governing bodies are representative, they may be so top-heavy that no work (no efficient representation of member interests) can be done; or, conversely, representation may be articulated by such a small number of directors that elite specification of needs occurs rather than broad membership representation.

The delegate bodies and representation hierarchies depicted in figures 1 and 2 help bring some order and efficiency to the democratic process in cooperatives. These structures are specifically designed to handle large numbers of members. They offset distance between centralized decision making and grassroots members by providing representation on a local basis. Through a hierarchy of positions, they provide mechanisms for

**Figure 1.—Member-District-Council-Director Structure**

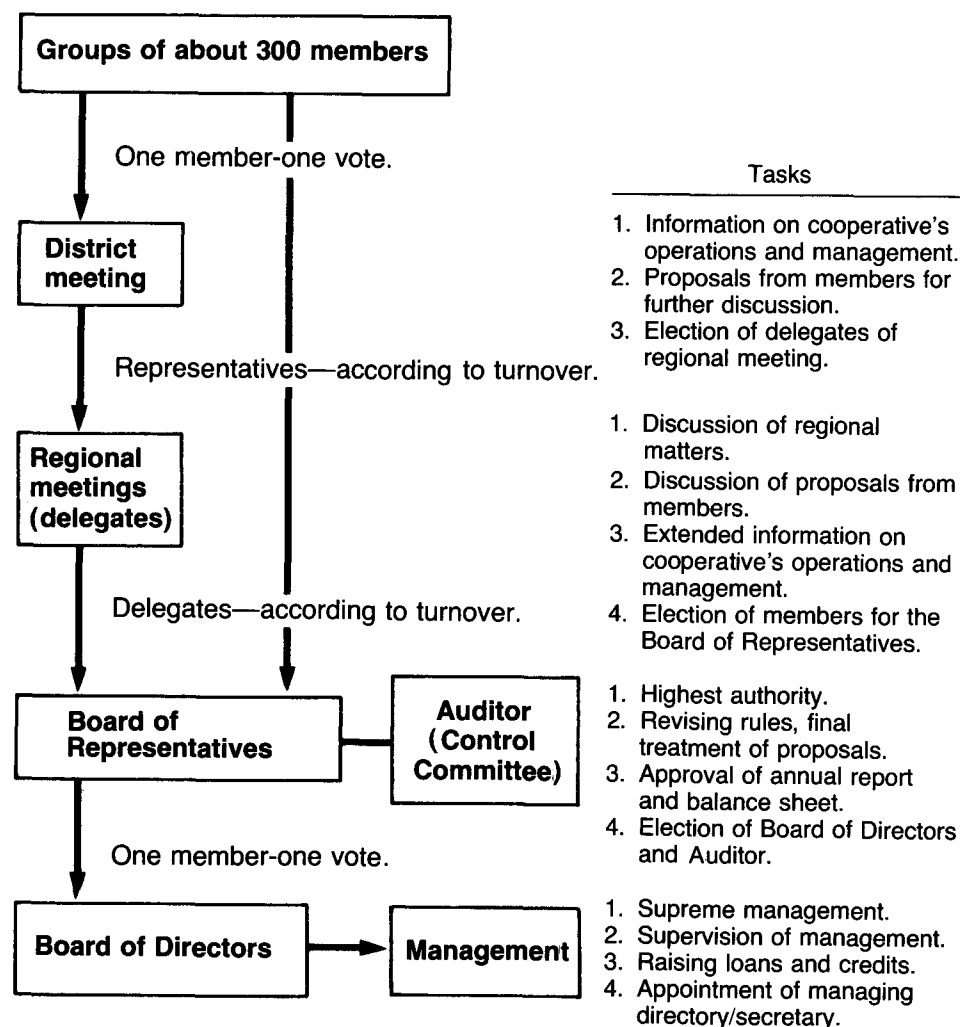


getting information to final decision points, i.e., the Board of Directors. To some degree they offset the loss of relative influence by individual members by increasing the number of positions available for articulation of needs. All these features can improve representativeness to the extent diverse interests gain access to positions. Geographic districting is specifically designed to that end, improving potentials for representativeness in terms of location.

These structures have been necessary improvements over at-large election mechanisms. They are not final solutions to problems of sovereignty and equality/representativeness in large cooperatives. Grassroots members remain considerable distances, geographically and organizationally, from decision-making points. Representativeness is directly accounted for only to the extent membership heterogeneity follows geographic divisions. Decision making, as an incumbent condition of size, remains complex and often well beyond the experience and training of the average farmer. Grassroots representation shifts from direct to indirect articulation through other members.

Several structural innovations used in Europe have potential to mollify at least some of these disadvantages. Examples are nominating committees, full-time directors, control committees, and membership advisory committees. Each of these will be described and their influence on sovereignty and representativeness summarized.

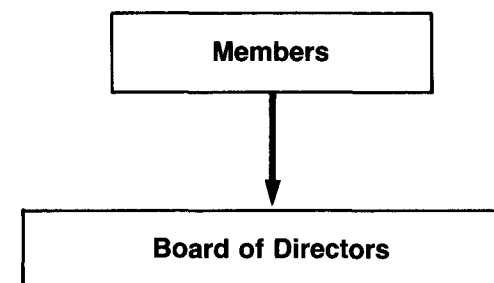
Figure 2.—Complex Danish Member-District-Council-Director Structure



### Structural Improvements

Cooperatives in all three Scandinavian countries use *nominating committees*. Information gathered suggests their use is not as common in The Netherlands and West Germany. Depending on cooperative complexity, nominating committees are elected from both the farmer membership and from the Council of Representatives. Farmer nominating committees place

Figure 3.—At-Large Membership Structure



names before their respective subdistricts for election as chairpersons, delegates, alternates, and regional representatives. A Council of Representatives nominating committee places names before that body for election to the Board of Directors and the control committee (explained below). Where these nominating committees do not exist, managers and directors generally make nominations, potentially diluting sovereignty and elected member representativeness.

A distinction within the Board of Directors in cooperatives in West Germany and The Netherlands is election of *full-time and part-time members of the board of directors*. Full-time directors are present at the cooperative site on a near-daily basis, monitoring operations and attempting to ensure the cooperative is operating in members' interests. Their presence provides members a daily opportunity to represent their views to management. They report to the full board on a monthly basis. The member president of a flower auction cooperative in The Netherlands suggested that without a daily presence, external buyers would be able to manipulate management away from producers' interests. It may take this kind of presence for members to learn the complexities of decision making in today's cooperatives.

A third option exercised in four of the five countries visited is election and organizational positioning of *control committees* (also shown as "Auditor" in figure 2). (West German cooperatives have a somewhat different structure, which is discussed below.) The control committee's designated role is to act as an internal auditor, both for financial oversight and for general assessment of management and the elected board of directors. Members of this committee are to assess whether directors and managers have been acting in the members' interests. Hired CPAs, who do state-mandated financial audits, may or may not be members of this committee. In Sweden, frequently one member of this committee is hired full-time to oversee the committee. This member answers directly to the elected chairperson of the control committee. In all four countries, annual reports of committee findings are given to the Council of Representatives.

Functionally, West German cooperatives have a similar arrangement with the German Raiffeisen Union. The Union has 11 member regional associ-

ations with legal rights to audit commodity, processing, and service cooperatives, as well as overarching federations and regional cooperative organizations. The Union also provides economic, legal, and business advisory services; education and vocational training; and public relations. Each cooperative sends elected representatives to one of eleven regional associations (see figure 4). These associations, like the control committees, exist primarily to provide general audits to the cooperative system, although the Raiffeisen Union tends to be specialized for financial oversight.

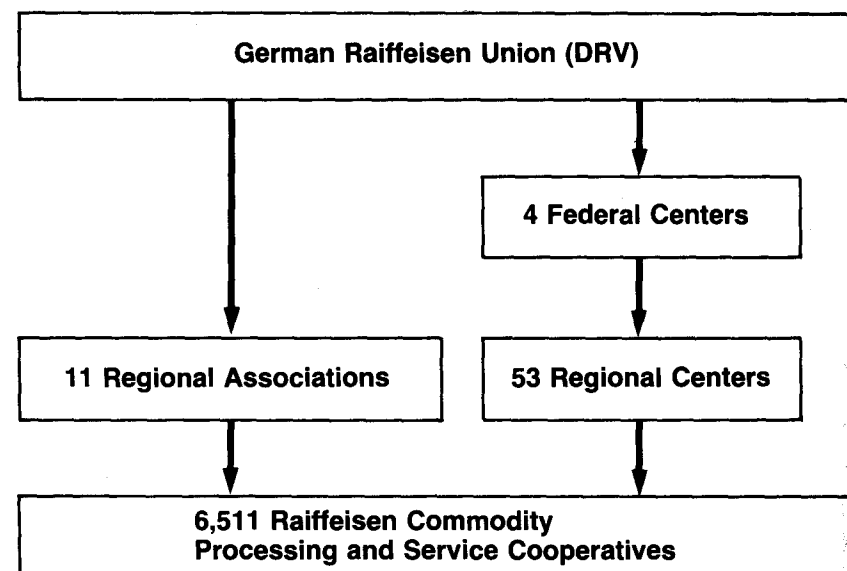
Swedish cooperators expressed concern with maximizing the *directness* of representation. Elected representatives electing themselves to sit at successively higher rungs in the hierarchy distance farmers organizationally. One large cooperative attempts to reduce indirectness and organizational distance by forming a *member advisory committee* to the Board of Directors (see figure 5). Farmer members elect delegates and alternates to attend and act at the annual meeting of delegates, the Council of Representatives. Normally the Council, in turn, elects the Board of Directors. These same delegates and alternates form local advisory boards at their respective sub-district levels. Chairpersons from these subdistrict committees also form a regional advisory board as well as an advisory committee to the Board of Directors. Election varies among subdistricts, with some of the chairpersons being elected from the primary members and others being elected from members of the advisory board itself. Members in subdistricts that elect chairpersons directly are able to place a representative in direct contact with the final decision makers.

Although disadvantages of hierarchal membership structure are real, the above mechanisms may help lessen some of their adverse impacts: (1) Election of nominating committees can improve representativeness by creating possibilities for decentralized recruitment of leaders rather than elite self-selection. (2) Full-time directors may improve member access by placing members in cooperative offices on a daily basis. (3) Sovereignty might be better served by minimizing indirect organizational connections between the grassroots members and final decision-making points. (4) Election of control committees may improve both sovereignty and elected member representativeness by providing assessments of cooperative leadership actions by the very same criteria, i.e., member sovereignty and representativeness.

### Mechanisms to Address Heterogeneity of Membership

Most structuring mechanisms described in the previous section do little directly for representativeness of a heterogeneous membership. Districting accounts for heterogeneity only to the extent membership characteristics follow geographic divisions and are homogeneous within divisions. Nominating committees have potential for keeping leadership positions open to grassroots access but do not address diversity of membership directly. Yet as cooperatives expand across geographic space and into multiple activities, farmers from many different backgrounds, farm sizes, and commodities produced become mixed in one organization. Minority groups may feel vulnerable and subordinated to the interests and needs of larger subgroups within the cooperative. Under pressures of diversification of operations and membership interests, subgroup sovereignty and membership may decline.

Figure 4.—German Raiffeisen Union Structure



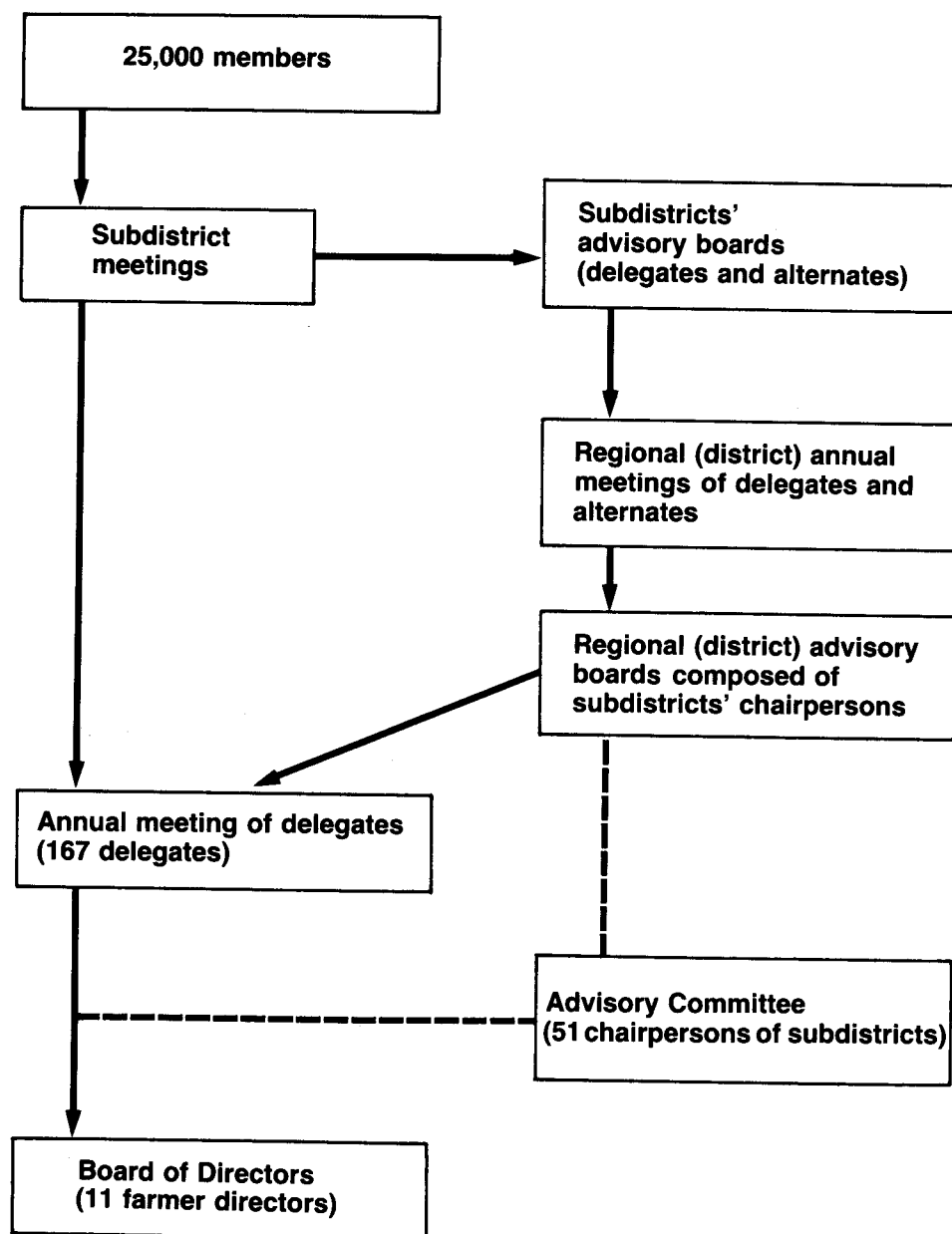
Interviewees in all countries visited were sensitive to these issues. Among some, this included concern with increased integration of farm women into decision making. This section describes mechanisms designed to protect group interests within the organization. Discussion is given to voting right eligibility and to a Danish voting system designed specifically to assist minority group sovereignty.

### Voting Right Eligibility

Voting rights varied among the countries visited along two dimensions: (1) What is the origin of the voting right? Does it reside with the owner or the farm unit? (2) Is the one-member, one-vote principle used or is volume voting used?

Traditionally, ownership of a farm has been held legally by the male spouse. When voting rights reside with the owner, as in The Netherlands, female participation is effectively eliminated. In the other countries visited, voting rights reside with the farm unit and hence do not effectively preclude women from voting. Some Danish cooperatives have expanded opportunities further by allowing two votes per farm unit. This opens input opportunities not only to spouses but also to partnerships and parents/children relationships.

One-member, one-vote methods are used in most countries visited, The Netherlands being an exception. Some larger cooperatives use proportional

**Figure 5.—Complex Dairy Cooperative**

voting. This allows districts and regions a set number of votes in proportion to the number of members in respective districts and/or regions. West German cooperatives limit this difference to three votes; larger districts having no more than three votes in general assembly sessions. Dutch cooperatives predominantly use volume voting. Members from farm units with larger volumes of production have more votes than members with smaller volumes. Danish voting rights tend to be one-member, one-vote at the primary level. However, votes above the primary level, i.e., at the district and regional levels, tend to be based on the amount of product volume accounted for from a respective district or region. The traditional one-member, one-vote principle derives from historical requisites not to reproduce inequalities within the cooperative that exist outside of it. However, concern was expressed that larger volume producers have greater investments in the cooperative, have a greater stake in its survival, and, therefore, require more voice. Danish cooperatives attempt to address heterogeneity in another fashion.

### Priority Voting

Danish cooperatives have instituted a priority-voting method in their election procedures. The purpose of this method is to strengthen the democratic character of cooperatives by creating an election method with built-in possibilities for minority group sovereignty and elected membership representativeness. An example of a balloting diagram used in this system is presented in figure 6. The steps in priority election follow:

1. In completing the ballot, each member must write the name of the preferred candidate in the No. 1 spot. The name of the second favorite candidate is placed in spot No. 2, and third favorite in spot No. 3, etc. Members may write as many names on the ballot as they wish. But each candidate must be ranked separately.
2. In tabulating election results, ballot counters sort out candidates given first priority on members' ballots. The total number of votes cast for top-priority candidates divided by the number of positions up for election yields the minimum number of votes needed to win a position. This number is termed the winning proportionate vote.
3. Second-choice votes are counted when first-priority candidates do not receive enough votes to fill available positions. Votes candidates receive under this choice are added to votes received under the first priority. Winning candidates must have vote totals (total of both first and second priority) equal to or exceeding the winning proportionate number of votes, as calculated in the second step.
4. If vacant positions still remain, votes cast for third-priority candidates are counted. Votes each candidate receives for first, second, and third choices are added. This process continues until all positions are filled or until all votes for all priorities are counted and added.

**Figure 6.—Priority-Voting Method**

Candidates	J. Børg	K. Knudsen	H. Lund	M. Bølling	K. Schulze	B. Holst	Valid votes	Blanks or invalid
1st place votes	35	20	10	9	9	17	100	10
2nd place votes	0	19	22	24	24	0		11
3rd place votes	0	8	32	31	2	0		16
4th place votes								

An example of a balloting diagram after a group of 110 members with 6 candidates elected 3 representatives. The ballot summary shows 100 valid ballots and a proportionate win number of  $100 \div 3 = 34$ . (The 10 blank votes were not counted.) Børg who has 35 first-place votes is therefore a winner. Counting the second-place votes shows Knudsen a winner. The third-place counting shows that both Lund and Bølling have a total of 64 votes. However, because Lund has more first-place votes than Bølling, Lund wins the third representative position.

5. If no candidate receives a winning proportionate number of votes after a count of all priorities, the candidate with the most votes wins.
6. In cases of ties, the candidate with the most first-priority votes wins. If the tie continues, the second-priority votes are counted. If still no winner results, lots must be drawn. In cases where one person is being elected, the winning proportionate number of votes is half of all valid votes plus one, or a simple majority.
7. Candidate(s) with the most votes above the winning proportionate number within each priority win contested positions until all positions are filled or until vote counters move on to the next priority.

### Calculating the Votes

In the example in figure 6, 100 valid votes are cast. Three positions are open. Therefore, the proportionate winning votes number is 34 (100 divided by 3 equals 34).

When the first-priority votes are counted, candidate Børg is the winner with 35 votes. None of the other candidates receive sufficient votes in the first-place balloting to fill the remaining positions. So the count moves to second-priority votes. Candidate Knudsen wins with 39 total votes, 20 first-place votes and 19 second-place votes. None of the other candidates obtain the minimum total. Moving to third-place votes, candidates Lund, Bølling, and Schulze receive sufficient votes to win a position. Lund receives 10 first-place votes, 22 second-place votes, and 32 third-place votes for a total of 64. Bølling receives nine first-place votes, 24 second-place votes, and 31 third-place votes for a total of 64 votes. Schulze receives nine first-place votes, 24 second-place votes, and two third-place votes for a total of 35. However, only one position is left open. Schulze is eliminated immediately. Both Lund and Bølling are tied with 64 votes, and Schulze has only 35. But Lund has more first-priority votes and therefore wins.

The three contested positions are filled. Børg won first, having gained sufficient first-place votes to win outright. Knudsen won next, earning enough first- and second-place votes. Lund fills the last position having enough first-, second-, and third-place votes plus breaking the tie with Bølling by virtue of having more first-place votes.

Under a simple-majority voting method, the three positions would have been filled by three separate ballots. The winning proportionate vote each time would have been a simple majority (half plus one). A majority could dominate the balloting by selecting a favorite with each vote cast. In the priority-voting example, only 34 percent of the vote is needed to place an individual in office. Had four positions been up for election, only 25 percent of the vote would have been needed. This method does not guarantee minority groups a position, nor does it ensure the elected membership will be representative of the entire membership. It does tend to minimize the vote needed to place a member in office, thereby making positions more accessible to subgroups.

Priority voting has little advantage in situations where a single ballot is taken for multiple positions, with top vote-getters filling available positions. Minority groups have an excellent chance of placing a member in office, given several positions are open. (Where only one position is up for election the majority will likely rule, regardless of the method.) However, this method dilutes member influence by limiting the number of positions in which farmers have input.

### Decision-Making Authority and Complexity

Once members are in elected positions, they hold potential to affect member sovereignty. However, decision making itself is based on delegations of authority. Furthermore, access can be limited by decision-making complexity. Als (p. 47) concludes "... the knowledge level required to participate restrict[s] a significant proportion of members and trustees from being active participants." This section describes delegations of



authority and strategies some European cooperatives use to address complexity in decision making.

### Delegations of Authority

Delegations between hired management and elected leadership tend to be similar to that found in the United States. Management makes the everyday operational decisions, and the elected board makes the long-range planning and policy decisions. Delegations within membership hierarchies tend to be stratified according to geographic area. As presented in figure 2 as "Tasks," districts provide information and input on economic, managerial, and other matters concerning the district locality. In turn, regions handle regional issues. Lower levels articulate parochial interests and concerns up to the Board of Representatives. The Board of Representatives, in response to these interests as well as in response to Board of Directors concerns, formulates and passes or rejects long-range policy proposals and resolutions of cooperative members.

### Decision-Making Complexity

As suggested above, although farmers may reserve appropriate authority and sit in opportune organizational positions to pursue member sovereignty, they may lack sufficient knowledge and experience to be effective. Each country visited has a national association to address cooperative education needs. Space does not permit discussion of those programs here. Institutions responsible for programs are listed in the appendix. Other options in addition to education exist.

A large Swedish cooperative is attempting to resolve aspects of the complexity problem by expanding potentials for member input and control in a qualitatively new direction. *On the operations side* of this cooperative, some decentralization has occurred down to five subsidiary sites. These sites are managed by a committee chaired by the cooperative executive officer of the overhead cooperative organization. However, an elected farmer member will soon be sitting alongside the chairman on this operations committee. Some leaders suggest this is ill-advised, causing conflicts and inefficiencies in operational decision making. Thayer (p. 84) implies that such options are true control because the impact of general policy guidelines often are largely determined by the way they are implemented. It is a control option that farmer members and, no doubt, management view differently.

A second technique being tested by Anders Pedersen of the Agricultural Information and Conference Confederation of Denmark involves a conference format. Borrowing from conflict resolution literature, Pedersen has adapted a matrix design for group meetings. Termed a "Problem Solving Conference," the conference is divided into six phases and three participant groups. Phases include orientation, information, possibilities, decision making, accomplishment, and approval. Groups include a general assembly, functional groups, and working groups.

Functional groups normally reflect pre-existing suborganizational divisions. These might include finance, marketing, member relations, public relations, sales, distribution, administration, pricing, or others. Ideally,

the general assembly and the working groups are broad-based, representing the breadth of membership. Generally, working groups should include people who do not routinely work together on decision making. In large cooperatives, these members might be delegate representatives.

Before conference meetings the cooperative leadership must prepare a program specifying times allocated to each phase, a matrix indicating in what groups participants are members, and a major problem specified for discussion with subproblems delineated for each working group.

Problems most appropriate for this format are those where preferences of the membership are unknown and/or cause-and-effect relationships necessary for certain ends are unknown. Such decision areas could include: (1) services to meet member needs and preferences, (2) solutions to major concerns of members, (3) growth areas, (4) positions and major social issues, and (5) responses to community issues (Craig, p. 195).

### Conference Phases

The conference begins with a meeting of the general assembly and the orientation phase. During orientation, general information is presented on format, functional and working group participant assignments, and the decision-making process to be used. There is time during this session for discussion, changes in assignments, and other clarifications. At the end of this phase, participants should have a sense of the framework and procedures of conference decision making.

The specific problem to be handled is introduced in the problem identification stage. Desired new endpoints are discussed, and barriers preventing movement from the problem situation to the desired endpoints are reviewed. The "possibilities" phase is made up of brainstorming sessions. Members are asked to come up with different possible means to achieve desired ends. They are also asked to distinguish among proposals, identifying which are supplemental to each other and which are clear-cut substitutes and alternatives. This is strictly an idea-creating phase, and care must be taken not to stifle brainstorming by evaluating the acceptability of different proposals.

Alternatives are evaluated in the decision-making phase. Advantages and disadvantages of the alternative and supplemental proposals are weighed. Specific proposals are selected for action.

In the accomplishment phase, a detailed plan for action is laid out. This could include who shall do what, where, and how, as well as how to report, to whom, and what constitutes completion. With completion of the accomplishment phase, all plans are presented to the general assembly for approval. If some of the proposals are not acceptable to individual working groups, there is an option for veto and compromise reconciliation among working groups.

### Group Dynamics

With the exception of the orientation and approval phase, every phase has four separate sessions. In the first session the general assembly is given an introduction to that specific phase. Each introduction is then followed by a working group session, a functional group session, and a second

working group session. The working groups are the idea-creating groups, groups that can bring fresh insights and direction to the problem at hand. The functional groups provide moderation as well as support and direction to working group proposals.

Generally a structure of conference groupings is set up in matrix form (see figure 7). In our example, there are eight groups—four functional groups and four working groups. Functional group A is made up of members and employees who routinely are part of decision making involving finance plus participants representing all geographic divisions of the membership. Functional group B is composed of members and employees who routinely are part of decision making involving marketing and, again, member participants representing all geographic divisions of the membership. Similarly, functional groups C and D are composed of members and employees who routinely are part of decision making involving member and public relations, respectively, plus member participants from the geographic regions.

Working group 1 is made up of all participants representing the western membership division plus members and employees serving in a decision-making capacity in the four functional areas. Working group 2 is made up of all participants representing the eastern membership division and, again, members and employees serving in a decision-making capacity in the functional areas. Working groups 3 and 4 are similarly structured.

These groupings could be specified by quite different criteria. Working groups might be divided by a completely random process where members simply draw lots for each group, or they could be structured by individual member interests. Functional groups might be varied by operational geographic location or some other operational division. Whatever the criteria, care must be taken to ensure that opportunities for spontaneity and creativity are maximized.

### Problem Discussion

Subproblem discussion begins with working groups. These members, in general, will not have seen the problem before. Starting here can bring fresh insights as well as new alternatives more attuned to member needs. Starting with functional groups could change the direction of the conference back into stale and worn-out strategies. In the words of a Danish educator: "One does not expect wild ideas from the functional groups. Had they had any, there would have been no need to call a conference." The work groups "work."

With adjournment of initial working group sessions, members move to their respective functional group meeting. At the functional group meeting, a representative from each working group reports on his or her respective working group's activity. Members of each functional group then comment on the reports, either approving, rejecting, or suggesting adaptations.

After the functional groups adjourn, members return to their original working groups. They report on each functional group's reactions to their subproblem proposals. Members of each working group then discuss whether the feedback offered is compatible with the handling of their subproblem proposals. Rejections or adjustments are made. A final draft of results is prepared for the next phase of decision making.

**Figure 7.—Matrix for Conference Format**

		Western Division	Eastern Division	Northern Division	Southern Division		
		1	2	3	4		
Finance	<b>A</b>	<b>A1</b>	<b>A2</b>	<b>A3</b>	<b>A4</b>	Functional Group A	
Marketing	<b>B</b>	<b>B1</b>	<b>B2</b>	<b>B3</b>	<b>B4</b>	Functional Group B	
Member Relations	<b>C</b>	<b>C1</b>	<b>C2</b>	<b>C3</b>	<b>C4</b>	Functional Group C	
Public Relations	<b>D</b>	<b>D1</b>	<b>D2</b>	<b>D3</b>	<b>D4</b>	Functional Group D	
		Working Group 1	Working Group 2	Working Group 3	Working Group 4		

In the last phase of the conference—the final approval phase—working groups present their respective outcomes to the general assembly. Various subproblems or the entire process may be vetoed, changed, and/or approved.

Developers of the process suggest two or three days are needed to go through all phases. However, there is no need to complete all phases in one sitting. The process might be enhanced with intervals—days or weeks—planned within the routine. This extra time could be used to reorganize, check with home constituents, or simply get fresh participants. Some members are often better than others at certain phases, such as exploring possibilities, others at decision making, and others at accomplishment phases.

Whether problems are resolved or not the process provides tremendous opportunities for information exchange. It places members in direct contact with operational decision makers and decision makers in direct contact with members. Through this process, members can learn the complexities of problems as well as the complexities of decision making. Complex information as a barrier to member sovereignty can at least partially be removed. The process also improves member sovereignty by providing the opportunity for every attending member to provide direct and active input into

decisions. It can also prove a leveling mechanism by providing each attendee an equal chance to participate.

The process still tends toward top-down decision making. The leadership defines the major problem, determines subproblem divisions, and makes initial subgroup assignments. Top-down specification may be necessary for coordination and overall conference feasibility. However, working groups have the option of rejecting the subproblems and reporting why. If major discontent is pervasive, it will soon be heard in the rejection of all subproblems by working groups. Other questions will be raised.

### Conclusion

If cooperatives are to continue to provide members potential to create and affect decisions on how the system should operate and change (member sovereignty) as well as ensure even distribution of this potential among the membership (member equality), then continuing adjustments must be made to account for increases in geographic and market diversity as well as increases in membership size. Hierarchical organizational structures are perhaps a foregone conclusion in today's environment of large complex organizations. These structures are specifically designed to handle large numbers of members. They entail elected positions that, to some degree, decentralize, if not decision making, at least information gathering and diffusion points. Increases in the number of elected offices partially offsets decreases in relative influence. Districting allows for locational representativeness.

Still farmer members remain distant within these organizations. Nominating committees, problem-solving conferences, priority voting, advisory committees, full-time directors, and control committees can help mitigate organizational weaknesses. Although such innovations may seem inappropriate to some, perhaps meddlesome of managerial prerogatives, they may be necessary options to retain future member participation, member commitment, and, more important, member sovereignty and elected member representativeness. European cooperatives have experienced many of these problems earlier than U.S. cooperatives and have a long tradition of recognizing the importance of member involvement and control. The success or failure of the innovations and strategies described may provide important lessons for the U.S. cooperative community.

### Notes

1. It also includes issues of liberty and majority rule. Liberty—social freedom, political freedom, and economic freedom—is taken as a given, irrespective of size. Majority rule is more problematic and must be, at least in part, defined by participants in the system. In some sense it is a function of sovereignty. This author chose to discuss sovereignty and equality because they are more clearly affected by changes in scale and are coterminous with historical conceptions of cooperative member control.

2. This is definitional to direct democracy and by implication is more typical, or at least possible, in small cooperatives (see Craig).

3. Røkholt encompasses concepts of sovereignty and equality/representativeness under terms of "representation" and "representativeness."

4. Schomisch and Mirowsky, and Mirowsky being important but unpublished exceptions.

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## Appendix

Institutions are presented in the order their respective personnel were interviewed. A key informant methodology was used. By its nature, few people were interviewed. Therefore, to protect confidentiality, specific individuals are not identified.

1. The Netherlands
  - a. Westland Flower Auction  
Naaldwijk
  - b. Aarts Diocesane Farmers and Horticultural Association  
Rotterdam
  - c. National Cooperative Council  
The Hague
  - d. Institute for Agricultural Cooperatives in the Province of Freisland  
Oranjewoud
  - e. Freisland Dairy Cooperative  
Oranjewoud
  - f. Freisland Farm Supply Cooperative  
Oranjewoud
2. West Germany
  - a. The German Raiffeisen Union  
Bonn
  - b. German Cooperative Bank  
Frankfurt
  - c. Institute for Rural Cooperative Matters  
Justus von Liebig University  
Giessen
  - d. Institute for Cooperatives  
Westfälischen Wilhelms University  
Münster
3. Denmark
  - a. Agricultural Information and Conference Confederation  
Copenhagen
  - b. Federation of Danish Cooperative Societies  
Copenhagen
4. Sweden
  - a. U.S. Embassy  
Stockholm
  - b. Federation of Swedish Farmers  
Stockholm
  - c. Arla Dairy Cooperative  
Växjö
  - d. Swedish Dairies' Association  
Stockholm
  - e. Swedish University of Agricultural Sciences  
Uppsala
5. Norway
  - a. Norwegian Farmers Union  
Oslo
  - b. Agriculture University of Norway  
Ås