

How Culture Drives Economic Behavior in Cooperatives

by

Julie A. Hogeland

Rural Business Cooperative Service, US Department of Agriculture

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Abstract

The core cognitive foundation of cooperative values, norms and beliefs can need updating and refurbishing just like the hard economic assets of plant and equipment that maintain their visible, outward structure. Import competition, agricultural industrialization, and market failure have led cooperatives to question beliefs which put the survival of the farm above the cooperative. Jeffersonian agrarian values contributed to a culture where cooperatives were run for the needs of farmers, not consumers. This led cooperatives to over-expand into commodity areas that were not economically sustainable. Or, cooperatives compensated growers for poor production decisions at a cost to other members. These values were based on a cultural model that "cooperatives were like a family." Trying to provide a small town personal ambiance and the efficiencies of large scale production within the same organization is a cultural model that cooperatives used to "be all things to all people". Farmer attrition has forced cooperatives into adopting a core business focus where co-ops shed all businesses except those they can do very well. This cultural transition has been aided by agricultural industrialization's focus on the farmer as individual "farm manager", in contrast to the idealized Jeffersonian farm family. Cooperatives are now seen as separate and independent of the farmer, not as an extension of the farm, giving co-ops greater latitude to be more market driven.