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# The Social and Economic Importance of the Co-operative Sector in Saskatchewan

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Research Report Prepared for  
Saskatchewan Department of Economic and Co-operative Development

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Cover image: The Rainbow Flag, the international emblem of co-operatives. Adopted  
as the official co-operative symbol by leaders in the International Co-operative Alliance  
in 1925, the flag includes the colours of all the flags of the world. Each colour contributes  
to the whole and symbolizes harmony and the universal oneness of all people.

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# Executive Summary

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## Introduction

Throughout the twentieth century, co-operatives have played an integral role in the social and economic development of Saskatchewan. Initial forms of co-operation have evolved into an extensive network of co-operatives involved in a wide range of activities: agriculture and resources, community development, recreation, child care and education, wholesale and retail, financial, community service, and other types of co-operation.

The impact of co-operatives on communities is substantial, especially in the smaller centres, where they ensure competitive prices and supply a wide range of services. Co-operatives also play an important role at the provincial and sectoral level. In 1996, 1,560 co-operatives generated revenues of \$6.9 billion, held assets of \$9.19 billion, and produced a surplus of \$245.6 million. Capital investment by the co-operative sector totalled \$124 million. Co-operatives employed 14,400 people and paid wages of \$424 million. Table 1 (page ix) provides a summary, by sector, of the economic impact of co-operatives in Saskatchewan.

## Conclusions and Recommendations

### 1. Co-operatives Promote Local Pride and Social Integration, Local Control and Local Reinvestment

Co-operatives add an important organizational diversity to the mix of enterprises in the province. Their presence promotes stability and allows Saskatchewan residents to respond innovatively to many kinds of opportunities and needs. Co-operatives have a long track record in the province and appear to be engaged in organizational renewal that will allow them to continue to make crucial contributions to sustainable economic development well into the next millennium.

*The co-operative model should be promoted as a financially viable institutional form for providing goods and services to a group or a community, especially when this provision requires knowledge of the local economy and/or is sensitive to profitability.*

Statistical profiles of co-operative contributions to the economy are critical for promoting and developing the sector.

*Government should continue to work with the co-operative sector to collect financial information from all provincial co-operatives for storage in an electronic database.*

## 2. Co-operatives Behave Differently

Co-operatives behave differently from other institutions in terms of pricing, commitment to community rather than individual interests, ability to provide certain kinds of goods and services, and ability to keep a greater portion of the value generated within the local economy in the community. This is especially true in smaller and more geographically isolated communities.

*The co-operative model needs to be promoted for use as a community development strategy. Co-operative leaders should continue to undertake educational activities to demonstrate the effectiveness of the co-operative approach.*

## 3. Co-operatives Stabilize and Contribute to Growth in Communities

Co-operatives allow people to see the repercussions of their individual actions on the community. Collective ownership of a business gives co-operative members the opportunity to observe the effect of by-passing their local market, and an opportunity to benefit from a deliberate choice to patronize the local establishment.

Co-operatives have generally had a stabilizing effect in the regional economy, contributing to a positive environment that promotes long-term individual, community, private-, and public-sector investment. Their stabilizing role is particularly evident in more vulnerable localities and among less-advantaged participants. There is a strong commitment to rural Saskatchewan, where co-operatives provide credit, services, and attractive terms even to small-volume or more risky customers or clients.

Globalization presents risks, challenges, and options for Saskatchewan communities. Co-operatives provide opportunities to participate in global exchange without sacrificing local control. In addition, there is growing worldwide interest in co-operative organizations as vehicles for economic and social development. The vibrant co-operative sector in Saskatchewan opens opportunities for international exchanges, trade, and collaboration.

*Co-operatives must be encouraged to continue with community development initiatives by supporting member and leader education and training programs. These programs should provide co-operatives and communities with a better understanding of what community development involves, and what co-ops and other organizations can do to facilitate it.*

*Support must be provided for the start up of new co-operative enterprises and the development of new co-operative forms. Co-operatives work best in a context where*

*there is a multiplicity of co-operative firms, operating in multiple sectors, and where people attend to the preservation of co-operative identity and co-operative principles.*

*The role of co-operatives in sustainable development needs to be documented, and expertise should be developed in their potential as vehicles for sustainable development.*

*Co-operatives as organizations that facilitate global linkage, exchange, and co-operation must be recognized and developed.*

*Finally, national and international linkages for trade, mutual assistance, and personnel exchange should be further developed; and partnerships with international agencies and co-operative organizations for mutual learning need to be fostered.*

#### **4. Co-operatives Stabilize and Contribute to Growth in Regional Economies**

Significant changes are occurring in the spatial organization of co-operative activities. Given their strong roots in local places, co-operatives have compelling reasons to participate in and promote new arrangements for providing quality services in communities of various sizes—including smaller or more remote rural centres.

Co-operatives are well integrated into the province's economy, and into communities at many levels. Their links to other co-operatives and other organizations or agencies provide information and resources to support and enrich what is available locally.

Co-operatives have important roles strengthening linkages within and among communities and sectors. Co-operatives continue to be important sites of social innovation, and key partners for multi-sectoral collaboration.

*Develop partnerships among co-operatives, communities, and agencies to achieve regional development objectives. Augment mutually advantageous rural-urban linkages through co-operatives. Increase involvement in REDAs to ensure that the co-operative model is considered when new services are developed. Evaluate alternatives for the reorganization and relocation of co-operatives in the context of collaborative, strategic, regional planning.*

*Institute a regional co-operative development council and/or a co-operative development foundation to support new community and co-operative initiatives; federal, provincial and regional agencies to partner with co-operatives and help fund rural co-operative development.*

*Recognize the co-operative advantage in promoting partnerships and collaboration; document co-operative support for community and voluntary organizations.*

## 5. Co-operatives Have a Strong Impact on Both the Current Leadership in Rural Communities and the Development of New Leaders

Collaborative models, both formal and informal, are increasingly being used to strengthen co-ops by leveraging limited resources, and to provide services in vulnerable communities. To be successful in collaborative ventures, leaders require the ability to develop relationships with diverse stakeholders. Co-operatives can build on their strengths in this area by welcoming greater diversity into their leadership ranks. Through the support of education and training initiatives, co-operatives can increase their involvement in building the capacity of their members and employees to take on leadership roles in the community.

*Expand the knowledge of various collaborative models in use through research and sharing of best practices. Such knowledge has to be linked to leadership training programs, where collaborative skills are emphasized.*

*Support further educational experience in co-operation and community economic development for interested personnel. Promote exchanges, visits, networking, and collaborative projects.*

*Build employee loyalty and demonstrate broader concern for human development by showing leadership in the implementation of progressive labour relations. Co-operatives should strive to be seen as highly desirable places to work given the whole package of conditions, benefits, and opportunities that they can provide.*

## 6. Diversity Is Important

There is an ongoing need to find ways to make co-operative board and staff positions accessible and attractive to under-represented groups, including women, young people, new immigrants, and aboriginal persons. Some co-operatives can boast important advances in this regard, providing examples and inspiration for co-operatives and other organizations that have made slower progress on these agendas.

*Co-operatives should emulate effective practices: develop appropriate services and capacities; pursue equity goals in employment, appoint aboriginal liaison committees, and seek partnerships with aboriginal bands, councils, and development authorities.*

*Consider methods adopted by co-operatives elsewhere such as Gender Sensitivity Training (GST); a focus on Gender and Development (GAD) issues; and mentoring of female managers, staff, and directors. Continue to support the “Women and Co-operatives Forum” on a regional basis.*

**Table 1:** Summary of the co-operative sector, 1996

Type	Number	Members		Employees		Wage Bill (x 1000)	Revenue (x 1000)	Surplus (x 1000)	Capital Investment (x 1000)	Assets (x 1000)	Liabilities (x 1000)	Member Equity (x 1000)	Debt/ Asset*
		Registered	Active	Full Time	Part Time								
Agricultural	408	93,348	72,209	3,071	329	124,124	4,302,615	52,176	80,011	1,334,647	828,015	318,877	0.39
Community develop.	165	1,807	1,807	2	67	158	527	(35)	0	4,258	3,180	1,076	0.77
Recreational	219	21,427	20,805	129	214	5,264	28,229	1,523	5,453	42,058	12,924	29,134	0.06
Child care and educ.	133	9,273	8,895	302	217	7,075	10,205	284	542	5,243	1,365	3,881	0.13
Retail and wholesale	192	336,415	283,415	6,108	5	129,809	1,797,136	140,558	22,030	753,415	212,082	541,334	0.16
Financial	345	620,167	569,849	3,518	85	147,174	741,386	50,742	15,528	6,993,383	6,477,054	491,330	0.94
Community service	47	30,582	30,582	201	90	9,412	14,618	368	469	6,101	1,786	4,316	0.13
Other	51	2,559	2,559	44	46	826	8,887	-4	235	54,169	49,922	4,247	0.56
Total/average	1,560	1,115,578	990,121	13,375	1,053	423,844	6,903,601	245,613	124,268	9,193,276	7,586,328	1,394,194	0.46
												Nonfinancial	0.31

\* Debt/Asset figures do not include extreme values  
Source: See tables in "Sectoral Analysis."

## Acknowledgements

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This project would not have been possible without the co-operation of many participants, especially the people in four regions and many co-operatives who agreed to be interviewed for the community profiles. Nora Russell provided editorial and organizational expertise at all stages and was responsible for the production of the final report, including overall design and layout. Centre staff Marianne Taillon and Karen Neufeldt provided tireless logistical support. Researcher Julie Van Vliet assisted with the fieldwork in one of the regions. Rochelle Smith monitored our progress at the Co-operatives Directorate during the initial stages of the report; she was succeeded by Wayne Thrasher when she left to join us at the Centre as our first interdisciplinary PhD student.



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# Social and Economic Importance of the Co-operative Sector in Saskatchewan

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## Introduction

Throughout the twentieth century, co-operatives have played an integral role in the social and economic development of Saskatchewan. The formation of the first co-operative enterprises at the turn of the century grew out of the struggle of rural people to gain control over their local economies. They turned to co-operative activity as a means of marketing their agricultural produce and obtaining needed goods and services. The following quotation from 1941 is just as applicable if quoted today, revealing the continued positive impact of co-operatives on the province.

Saskatchewan provides to the rest of Canada stimulation and encouragement for co-operative action. It is probable that in no province or state on this continent with a population of approximately one million has the Movement made so much and such varied progress as in that prairie province. (Arnason 1941)

These initial forms of co-operation have evolved into an extensive network of co-operatives. Similar to the findings of the 1991 study (Fulton et al.), co-operatives in Saskatchewan continue to be involved in a wide range of activities: agriculture and resources, community development, recreation, child care and education, wholesale and retail, financial, community service, and other types of co-operation. Total revenue earned

by co-operatives in 1996 was \$6.9 billion, almost double that reported in 1989 (Fulton et al. 1991). Together, co-operatives controlled more than \$9.19 billion in assets in 1996, with capital investment totalling \$124 million.

Saskatchewan's two largest businesses are co-operatives, as are four of the province's top twenty firms (*Saskatchewan Business*, September/October 1997, p29). Co-operative enterprises in Saskatchewan vary widely in terms of their size and scope. Large organizations, such as the Saskatchewan Wheat Pool, Credit Union Central, and Federated Co-operatives Limited, wield significant economic power in the provincial economy. Although smaller co-operatives may seem relatively insignificant in monetary terms, they are often major players at the community level. Two of the largest—FCL and CUC—exist primarily to serve the needs of a network of smaller retail and financial services co-operatives.

Total revenue earned by co-operatives in 1996 was \$6.9 billion, almost double that reported in 1989. Together, co-operatives controlled more than \$9.19 billion in assets in 1996, with capital investment totalling \$124 million.

As one of the few remaining businesses in many small centres, a co-operative provides essential employment and services to residents and has a significant impact on the survival of rural communities. Distributed throughout the province in communities of every size, the smaller co-operatives provide important local economic activity. And despite

a marginal decline in the number of people employed by co-operatives between 1989 and 1996, it must be emphasized that co-operatives provide employment and thus stability in the most vulnerable of communities. In addition, co-operatives have made, and continue to make, important social contributions to the communities in which they are located.

The diversity and success of co-operatives suggest they possess characteristics that have enabled them to address needs experienced by their members and by communities in which the members live. Given the major social and economic changes that have continued to affect the province in the 1990s, it is appropriate to once more examine the role that co-operatives play in rural and urban communities. This is the subject of the first part of the report. The second part analyses the economic importance of co-operatives on a sectoral level, as well as for the provincial economy overall. The third part presents the results of a leadership study in the province.



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## Co-operatives and Communities

Recent research (e.g., Flora and Flora 1993) has identified three components critical to the development and maintenance of dynamic and vibrant communities. The first two, which are relatively well known, are: 1) the physical infrastructure—the development of railroads, telecommunications, roads, postal services, etc.; and 2) the personal infrastructure—the development of individual leadership within the community. The third component—the “social infrastructure”—has been given less attention by researchers, but it is nevertheless the key ingredient that ties together the physical and the human, allowing the community to grow and develop.

This section examines the role that co-operatives play in Saskatchewan communities. The theoretical base of the analysis is the conceptual model of co-operatives and their impact on communities developed through past research at the Centre for the Study of Co-operatives (see Appendix B). This study contributes a more thorough examination of the role of co-operatives in strengthening social infrastructure. And in recognition of its significance, the current work considers an additional element not examined in the 1991 study—the role of co-operatives in supporting leadership development.

The analysis in this section is based on interviews with community and co-operative leaders in eleven different centres in the province, clustered in four distinct geographical regions—the southwest, westcentral, and northeast parts of the grainbelt, and the north-central parkland. These areas were chosen to provide a broad overview of the southern half of the province and to obtain samples that reflected different climatic conditions, resource bases, and population mix. The responses to these interviews have been organized by geographical region and are presented in the section titled “Community Profiles.”

### Community Overview

As in the 1991 study, communities were grouped into the six functional categories identified by Stabler and Olfert: Minimum Convenience; Full Convenience; Partial Shopping; Complete Shopping; Secondary Wholesale-Retail; and Primary Wholesale-Retail (see

Appendix A). Communities were grouped together and assigned to a category based on similarities in population, number of businesses, and numbers and types of services. Table 1 presents the number of communities in each of the categories at four points in time between 1961 and 1995.

**Table 1:** Functional classification of Saskatchewan communities: 1961, 1981, 1990, and 1995

Functional Category	Year			
	1961	1981	1990	1995
Minimum Convenience	271	400	419	500
Full Convenience	189	136	117	59
Partial Shopping	99	30	46	22
Complete Shopping	29	22	6	6
Secondary Wholesale-Retail	8	8	8	8
Primary Wholesale-Retail	2	2	2	2

Source: Stabler and Olfert 1996.

Co-operatives are found in communities representing all six functional categories. As was found in the previous study, co-operatives are concentrated in the communities providing minimal services. Figure 1 indicates that 66 percent of retail co-operatives and 52 percent of credit unions in Saskatchewan are located in the Minimum Convenience category, with a further 17 and 16 percent of retail co-ops and credit unions, respectively, located in Full Convenience centres. Since the previous study, the rate of community decline from Full Convenience to Minimum Convenience has accelerated, increasing the importance of co-operatives in providing service to communities in the lower categories.

Table 2 shows the average number of businesses of selected types found in each of the functional categories. At the Minimum Convenience level, for instance, approximately one community in three has a general store, while just under one community in two has a grocery store. Since retail co-operatives are located in 66 percent of the Minimum Convenience and 17 percent of Full Convenience centres, it is clear that co-operatives play a major role in providing services to this level of community.

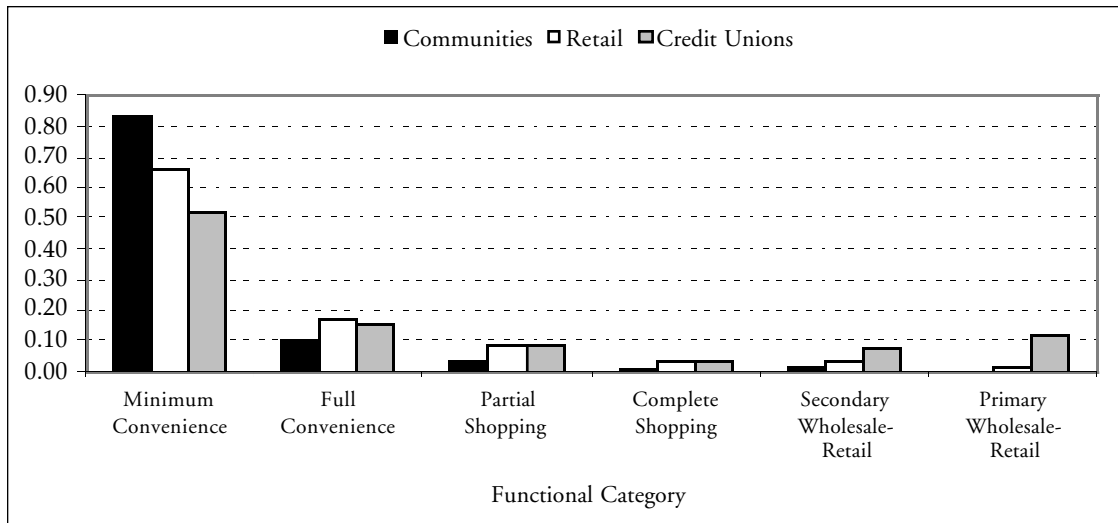


Figure 1: The relative share of retail co-operatives and credit unions in communities classified by functional category, 1996

**Table 2: Average number of businesses of selected types in community functional categories, 1996**

Business	500 Minimum Convenience	59 Full Convenience	22 Partial Shopping	7 Complete Shopping	8 Secondary Wholesale- Retail	2 Primary Wholesale- Retail
General store	0.29	0.90	1.05	1.86	3.13	12.00
Grocery store	0.39	1.59	3.23	3.71	11.00	40.50
Gas station	0.37	1.34	2.64	4.86	13.00	62.50
Restaurant	0.32	1.64	4.27	8.86	23.88	185.50
Hotel	0.39	1.05	2.64	4.29	7.50	22.00
Auto repair	0.25	1.24	2.23	4.71	14.63	105.00
Bank/CU	0.50	1.73	2.86	4.43	7.50	62.00
Farm equipment	0.22	1.10	2.55	2.86	6.25	24.50
Bulk fuel	0.30	1.29	1.86	2.43	4.25	10.00
Build. material	0.18	1.39	2.23	4.57	8.38	39.00

Source: Stabler and Olfert 1996.

## Analysis

### Building Physical Infrastructure

As outlined in Table 1, the functional hierarchy of Saskatchewan communities has been evolving over the past thirty-four years. Between 1961 and 1981, a substantial downward movement occurred in the Partial Shopping and Full Convenience levels, while the top three categories remained relatively stable. The increasing number of communities in the lower categories reflected the fact that the smaller communities in the province were losing economic activity as businesses closed or relocated, and people increasingly shopped in larger centres. It also reflected a shift of population out of rural areas, reducing the number of activities the community could sustain.

As noted in the 1991 study, the co-operative was often the only business in towns at the Minimum Convenience level. Despite this, the co-operatives were able to provide goods and services at competitive prices as well as goods and services that would otherwise not have been provided.

And although it occurred at a slower rate, there was a further downward movement in the Full Convenience category between 1981 and 1990. The largest change, however, came in the communities that were in the Complete Shopping Centre category in 1981. Of the twenty-two communities in 1981, only six remained in 1990. Since

1990, the lower three categories have again experienced substantial change, with 50 percent of the Partial Shopping Centres and 70 percent of the Full Convenience Centres moving to a lower classification by 1995.

A strong relationship exists between the functions performed by a community and the role played by a co-operative in that community. To understand this relationship, we analysed interview responses from the community clusters, with the communities grouped by function.

As noted in the 1991 study, the co-operative was often the only business in towns at the Minimum Convenience level. Despite this, the co-operatives were able to provide goods and services at competitive prices as well as goods and services that would otherwise not have been provided.

By relying on a daily bus schedule, the ability of Federated Co-operatives Limited (FCL) to wholesale a wide range of items, and the ability to order wholesale from other suppliers, local co-operatives are able to operate what one group referred to as a “just-in-time” inventory system that sometimes even delivers larger goods to people’s farms.

Equally important were co-operative and community-owned curling rinks, bowling alleys, and recreational centres. For many of the respondents, these services were vital to the preservation of the community. Without community involvement, many of these services would not be provided, since the town would not have the tax base to provide them. However, even the ability of co-operatives and other community-based groups to provide these services is under stress as population in the more remote areas continues to decline.

As one moves up the functional categories to the Full Convenience and Partial Shopping Centres, many of the same observations continue to hold. The retail co-operative and credit union are viewed as important in ensuring competitive pricing and the continued provision of goods and services:

We have just opened a branch in [adjacent community]. When the Royal Bank left town, the community wanted a financial institution. They approached some of the other banks, but only the credit union agreed.

Despite initiatives to keep customers shopping locally, people still routinely drive to larger centres for goods and services. While co-operatives are essential for stabilizing the community, filling in holes where service is lacking, they are also expected to restrict their services so other firms can remain in business. This creates a dilemma for managers and boards when it comes to making decisions about the deletion or addition of services. Residents feel that the presence of the co-operatives strengthens their community, but are concerned at the same time that they not undercut other similar businesses. As one manager indicated, “The board of directors has said be aggressive, but don’t hurt any of the other businesses.”

Tough economic times and the pullout of chartered banks and some of the chain department and hardware stores often leave the co-operatives in these communities as the primary provider of services.

Tough economic times and the pullout of chartered banks and some of the chain

department and hardware stores often leave the co-operatives in these communities as the primary provider of services. At the same time, intense competition among the remaining businesses has challenged the co-operatives and credit unions to be current and innovative. And while the number of co-operatives may have declined marginally in some sectors, the number of communities served has remained relatively stable through amalgamations and other innovative, collaborative initiatives. In many instances, co-operatives and credit unions are being asked to set up or retain branches in adjacent Minimum or Full Convenience centres.

At the Complete Shopping Centre level, co-operatives play a less essential role than in the lower functional categories. Nevertheless, they continue to have an important impact on price competition, particularly in nearby communities where branches are located.

This is becoming increasingly difficult, however, since co-operatives in this category face

The study identified examples where co-operatives and credit unions, through the use of collaborative ventures, have been able to maintain existing services in vulnerable communities, expand the range of services provided, and introduce entirely new ones not possible without using collaborative models to leverage limited resources.

tougher economic conditions than those in lower levels. This is due partially to the high level of competition in those communities, and also to the fact that communities as a whole in the Complete Shopping category are having considerable difficulty maintaining services. As in the Partial Shopping level, co-operatives face the dilemma of providing services while not forcing other firms out of business. Equally important is the challenge of providing credit to farmers, when other financial institutions have left the community or nearby towns.

Innovation also appears to be an important factor. The study identified examples where co-operatives and credit unions, through the use of collaborative ventures, have been able to maintain existing services in vulnerable communities, expand the range of services provided, and introduce entirely new ones that would not have been possible without collaboration to leverage limited resources.

At the Secondary Wholesale-Retail level, the role and importance of co-operatives changes once again. As Figure 2 illustrates, the importance of nonprofit co-operatives—such as child-care, playschool, and preschool co-operatives—increases substantially.

Alone or in partnership with other organizations, for example, co-operatives have been active and innovative in the provision of child-care and health facilities, programs, and outreach. A small but significant step has been taken to promote home ownership among low-income tenants using the co-operative model, and a related project has been undertaken to provide training and self-employment opportunities for people lacking attractive employment prospects.

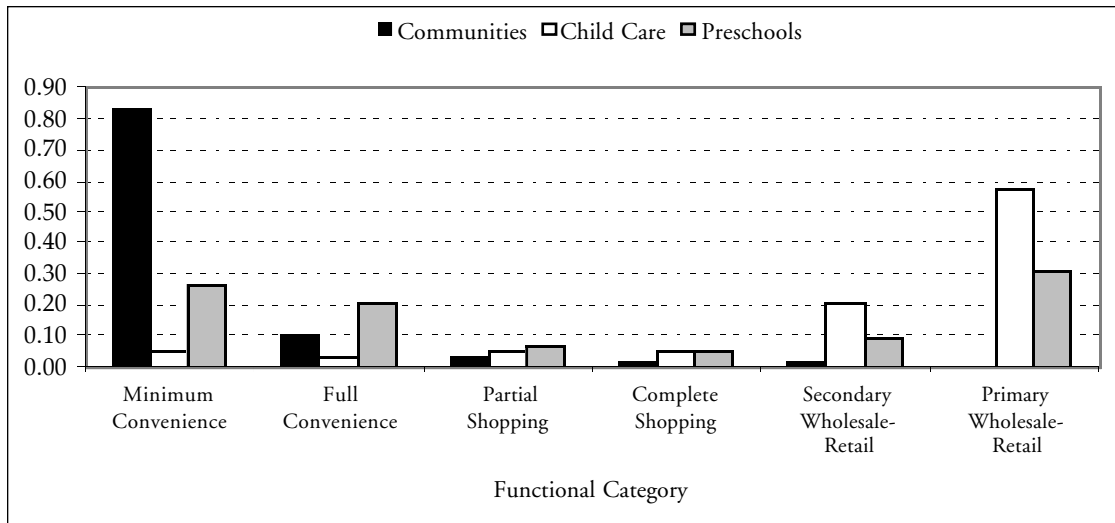


Figure 2: The relative share of child-care and preschool co-operatives in communities classified by functional category, 1966

At the same time, retail co-operatives and credit unions continue to play an important role. This is particularly true in cities such as North Battleford, Yorkton, Prince Albert, and Swift Current, where both types of institutions hold significant market share. Moreover, the co-operatives and credit unions based in the larger centres have been able to respond to requests from outlying communities to help with the establishment of satellite service outlets offering a quality and range of services that would otherwise be unavailable locally. The existence of these branches also means that the co-operatives and credit unions will be able to capture a reasonable share of the market outside the city in addition to the market within the city.

In some respects, the role of co-operatives at the Primary Wholesale-Retail level is also somewhat reduced compared to the smaller centres. The financial co-operatives in both

Saskatoon and Regina are doing well, and the retail co-ops play the role of third grocery firm in both centres, thereby reducing the possibility that the dominant firms can freely exercise market power. The social importance of co-operatives at this level of the functional hierarchy is in providing services to particular groups. Child-care, preschool, and housing co-operatives are obvious examples (see Figure 2), as well as mutual self-help groups. The Primary Wholesale-Retail centres also house the head offices of the large co-operatives, utilizing city services and contributing directly through employment, taxes, and community involvement.

### *Summary*

Co-operatives continue their long-standing role as providers of goods and services in a manner that serves the collective interests of members. Their strong presence in smaller communities is notable. They provide local outlets in many small centres, and whether or not their prices are lower than elsewhere, they are valued for the convenience and cost-savings generated when patrons can avoid trips to larger centres. There are many additional economic and social impacts in the local economy. The community interviews provide considerable evidence, for example, that co-operative managers and boards are

Co-operatives continue their long-standing role as providers of goods and services in a manner that serves the collective interests of their members.

sensitive to the potential impacts of aggressive competition with other local businesses. With locally controlled co-operatives especially, there is often a community survival consciousness at work that leads them to seek win-win solutions.

Co-operatives (this term will refer to credit unions as well), by their nature, are likely to behave differently from other institutions. While private firms focus on the economic interests of owners when making decisions, co-operatives can take a wider view and consider the more broadly defined welfare of a larger group—their members, as well as the broader community. As a result, co-operatives can be expected to make decisions that are qualitatively different from those made by privately owned firms.



## Building Social Infrastructure

Co-operatives are important to each other as trading or business partners, as allies in community projects, and as part of a local culture of co-operative enterprise. The case studies in the “Community Profiles” section of this report support the contention that co-operatives have generally had a stabilizing effect in the regional economy, contributing to a positive environment that promotes long-term individual, community, private-, and public-sector investment.

Their stabilizing role is particularly evident in more vulnerable localities and among less-advantaged participants. There is a strong commitment to rural Saskatchewan, for example, where co-operatives provide credit, services, and attractive terms even to small-volume customers or clients. Both retail and financial co-ops use a certain measure of flexibility and discretion in helping new firms, young families, or financially stressed farmers through difficult situations. Given the cyclical character and weather sensitivity of much of the resource-based rural economy, this is an important contribution. In addition, co-op credit managers sometimes finance ventures that do not appeal to other lenders—enterprises that may seem too risky, too long-term, or unlikely to yield high rates of financial return. Their willingness to make such investments engenders loyalty in both members and the community at large, which has a collective interest in creating new employment and in protecting existing businesses. This role as creditor and supplier to individuals or enterprises in marginal economic circumstances requires a supportive but vigilant board.

Co-operatives play key roles in community economic development and in the development of community. Many Saskatchewan co-ops have promoted new approaches to community outreach and development, and have supported such activities even though they may not be directly tied to the particular organization.

Co-operatives play key roles in community economic development and in the development of community. Many Saskatchewan co-ops have promoted new approaches to community outreach and development, and have supported such activities even though they may not be directly tied to the particular organization. Many have also sponsored innovative programs to address long-standing social and economic problems, including access to home ownership, child-care services, more holistic health care, and attractive

employment opportunities. Co-operatives continue to be important in developing and maintaining social infrastructure, and in creating communities that make economic activity possible and meaningful.

Recent initiatives to integrate and serve new groups highlight the role of co-operatives in strengthening communities. Although such initiatives have been a long time coming, co-operatives are now in the vanguard, employing innovative outreach activities to help build stronger and more positive relations between aboriginal communities and other

Many of Saskatchewan's co-operatives have highly visible roles in the economy. Some other contributions may not be as immediately apparent. Co-operatives help to fund, support, and promote the activities of a wide array of voluntary groups, as well as strategic partnerships among government, business, and community organizations.

peoples throughout Saskatchewan. This is an important contribution to our joint future as inhabitants of the region, and one that deserves fuller study and development.

Co-operatives are involved in restructuring the regional economy. In some situa-

tions, this involves branch closure and consolidation. In others, it involves collaborations or creating new co-operative entities through amalgamation. Saskatchewan-based co-operatives are also active locally, regionally, and beyond the province's borders in developing joint ventures with other kinds of economic organizations, public agencies, governments, and Indian bands. Co-operative managers have been prominent in REDAs and SBLAs. And while co-operatives in larger centres may draw clientele from a considerable range, they have also helped to preserve access to services and to stabilize local economies in a number of rural communities. This has happened through the establishment of branches or agency outlets in smaller centres where local co-operatives have been in need of new capital and technical support. Given their strong roots in local places, co-operatives have a compelling impulse to participate in and promote new arrangements for providing quality services in communities of various sizes, including smaller or more remote rural centres.

As established organizations, co-operatives are frequently involved as partners in other community economic development endeavours. This involvement ranges from provision of services and cash contributions, to assumption of leading roles in organizations attempting innovative projects.

Co-operatives are well integrated into the province's economy, and into communities at many levels. Their links to other co-operatives and other organizations or agencies provide information and resources to support and enrich what is available locally. There is, of course, room for improvement, with many unexplored opportunities for lateral sharing of experiences, resources, and ideas.

Many of Saskatchewan's co-operatives have highly visible roles in the economy. Some other contributions may not be as immediately apparent. Co-operatives help to fund, support, and promote the activities of a wide array of voluntary groups, as well as strategic partnerships among government, business, and community organizations. Contributions to the community include both direct donations of resources, and the promotion of staff initiatives in diverse community organizations. Co-operatives often take the lead in philanthropic community enterprises, there appearing to be a broad expectation among managers, members, and others that this is part and parcel of the co-operative mandate.

### **Building Personal Infrastructure**

The problems faced by communities of all sizes today are inextricably intertwined with an old phenomenon, now popularly called globalization. These problems have a number of characteristics.

- They are often ill-defined, or there is disagreement as to how they should be defined.
- Several stakeholders have a vested interest in the problem and they are interdependent.
- These stakeholders are not necessarily identified in any systematic way.
- There may be disparity of power or resources among them.
- They may have differing levels of expertise or access to information.
- Differing perspectives on the problems often lead to adversarial relationships.
- Incremental or unilateral efforts to deal with the problems typically produce less than satisfactory solutions.
- Traditional approaches and existing processes for addressing the problems have proven insufficient and may even exacerbate them.

There are other approaches that can result in more sustainable growth in small population centres—approaches by which people are empowered to affect the course of social and economic change, following priorities that they set according to community, democratic, or other values. Such approaches start with the community as a focal point, providing mechanisms to enhance the development of local leadership and control. The essential success factor is local control in the definition of needs, solutions, and evaluation. Our research has documented the role of co-operatives in providing such mechanisms.

Co-operatives can have a strong impact on both the current leadership in rural communities and the development of new leaders.

Co-operatives can have a strong impact on both the current leadership in rural communities and the development of new leaders. Co-operatives are participatory democratic organizations, and involvement on co-operative boards can help prepare individuals for more general community leadership.

In addition to providing a mechanism for democratic participation, co-operatives provide opportunities to work together collaboratively. Collaboration is a process through which parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible. It involves building a common understanding of how these images appear from their respective points of view; this understanding forms the basis for choosing a course of action, to advance the collective good of the stakeholders involved. Fundamental to this approach is community-based planning, which considers all the community stakeholders, including established business, community groups, and individuals. The notion of partnership is a central feature. Unfortunately, co-operation and collaboration during times of scarce resources require effort and understanding, sharing and trust—something that builds over time, and not without some kind of support system and the encouragement of a different set of values.

Leaders need a vision of what collaboration can accomplish, sensitivity, and the ability to develop relationships with diverse stakeholders. Diversity in opinion and experience contributes to this ability.

To accomplish this, leaders need a vision of what collaboration can accomplish, sensitivity, and the ability to develop relationships with diverse stakeholders. Diversity in

opinion and experience contributes to this ability. Co-operatives can include a diversity of people and opinions from the community on their boards, which will help to strengthen and multiply the synergies among people and increase the numbers of those available for leadership. Unfortunately, women, youth, and disadvantaged groups are under-represented in leadership positions generally, and in the co-operatives and credit unions in this study specifically.

To become effective collaborators, leaders need to become “process literate”; that is, to possess the knowledge of the process tools, both human and organizational, for designing effective collaborations. Cultivating leaders with these special competencies is essential for managing multicomunity problems in a collaborative manner.

Through the support of education and training initiatives, co-operatives can increase their involvement in building the capacity of their members to take on leadership roles in the community.

Of primary importance is the ability to place decision making within a context; to feel the connection to community and community welfare, rather than responding primarily to individualistic motives. The ability to examine problems in a holistic way has to be encouraged, by inclusion in educational curriculum at primary, secondary, and post-secondary levels, and in leadership development programs for organizations and for those who work within communities. We cannot assume that individuals are automatically able to do this on their own.

Through the support of education and training initiatives, co-operatives can increase their involvement in building the capacity of their members to take on leadership roles in the community. Examples include supporting co-operative youth seminars, provincial and regional conferences, and other community-based programs, as well as their own internal leadership development programs. Such programs must incorporate a focus on the leadership skills required to successfully engage in collaborative initiatives.

Finally, co-operatives can and do provide leadership in networking and the development of social capital among individuals in the community, through the staff or the elected side of the organization, horizontal links to other co-operatives in other communities, or vertical links to larger organizations such as the Canadian Co-operative Association.

## Conclusions and Recommendations

Co-operatives promote local pride and social integration, local control and local reinvestment. Their organizational structure adds an important diversity to the mix of enterprises in the province. Their presence promotes stability and allows Saskatchewan residents to respond innovatively to many kinds of opportunities and needs. Co-operatives have a long track record in the province and appear to be engaged in organizational renewal that will allow them to continue to make crucial contributions to sustainable economic development well into the next millennium.

### Recommendations

The co-operative model should be promoted as a financially viable institutional form for providing goods and services to a group or a community, especially when this provision requires knowledge of the local economy and/or is sensitive to profitability.

Statistical profiles of co-operative contributions to the economy are critical for promoting and developing the sector. Continue to work with the co-operative sector to collect financial information from all provincial co-operatives for storage in an electronic database.

Co-operatives in many places have capitalized on their image, and on public support for co-operative enterprise, to aggressively market membership and services to new groups. The record in Saskatchewan is mixed, but there could be more attention to this opportunity for growth and renewal.

### Recommendation

Co-operatives are well positioned to engage effectively in various forms of social marketing. They can market their service to new groups by emphasizing the social equity, environmental stewardship, democratic, user ownership, and community development aspects of their enterprises.

## Co-operatives Behave Differently

### *Provision of Goods and Services at Competitive Prices*

One of the traditional roles for co-operatives is to provide products and services at competitive prices. As the number of businesses in a community declines, the ability of the remaining firms to charge higher prices may increase. Unlike profit-oriented firms, however, co-operatives do not have the same incentive to raise prices. Members realize that while this may make the co-operative more profitable, it will adversely affect their welfare when they purchase products.

### *Provision of Goods and Services Not Otherwise Available*

Co-operatives also have a role in providing goods and services that would otherwise not be available. In smaller communities, sales are often reduced to the point where an adequate rate of return cannot be earned. Eventually, the business in this situation will leave the community. A co-operative may be willing to supply the good, however, if this reduces the cost members would have to incur if they obtained the good elsewhere. A focus on the welfare of the group can thus lead to behaviour different from a focus on the welfare of a single institution.

Co-operatives have behaved differently from other institutions in terms of their pricing, their commitment to community rather than individual interests, and their ability to provide goods and services that retain a portion of the income in the community. This is especially true in smaller and more geographically isolated communities.

### **Recommendation**

The co-operative model needs to be promoted for use as a community development strategy. Co-operative leaders should continue to undertake educational activities to demonstrate the effectiveness of the co-operative approach.

## The Stabilizing Effect of Co-operatives

### *Community versus Self-Interest*

Co-operatives allow people to see the repercussions of their individual actions on the community. People often decide to shop in larger centres, for example, because of price or choice considerations. When many people do this, however, the result is reduced sales for local businesses. Over time, this can lead to the closure of firms and/or higher prices locally. Collective ownership of a business gives co-operative members the opportunity to observe the effect of by-passing their local market, and an opportunity to benefit from a deliberate choice to patronize the local establishment.

### *Providing Stability*

Co-operatives are important to each other as trading or business partners, as allies in community projects, and as part of a local culture of co-operative enterprise. Co-operatives have generally had a stabilizing effect in the regional economy, contributing to a positive environment that promotes long-term individual, community, private-, and public-sector investment.

Their stabilizing role is particularly evident in more vulnerable localities and among less-advantaged participants. There is a strong commitment to rural Saskatchewan, where co-operatives provide credit, services, and attractive terms even to small-volume customers or clients. In addition, co-op credit managers sometimes finance ventures that do not appeal to other lenders—enterprises that may seem too risky, too long-term, or unlikely to yield high rates of financial return.

### **Recommendation**

Co-operatives must be encouraged to continue with community development initiatives by supporting member and leader education and training programs. These programs should provide co-operatives and communities with a better understanding of what community development involves, and what co-ops and other organizations can do to facilitate it.



**Recommendation**

Support must be provided for the start up of new co-operative enterprises and the development of new co-operative forms. Co-operatives work best in a context where there is a multiplicity of co-operative firms, operating in multiple sectors, and where people attend to the preservation of co-operative identity and co-operative principles.

*Strengthening Communities*

Co-operatives play key roles in community economic development and in the development of community. Co-operatives continue to be important in developing and maintaining social infrastructure, and in creating communities that make economic activity possible and meaningful.

Globalization presents risks, challenges, and options for Saskatchewan communities. Co-operatives provide opportunities to participate in global exchange without sacrificing local control.

There is growing worldwide interest in co-operative organizations as vehicles for economic and social development. The vibrant co-operative sector in Saskatchewan opens opportunities for international exchanges, trade, and collaboration.

**Recommendations**

Document the role of co-operatives in sustainable development.  
Develop expertise in the potential of co-operatives as vehicles for sustainable development.

Recognize and develop co-operatives as organizations that facilitate global linkage, exchange, and co-operation.

Further develop national and international linkages for trade, mutual assistance, and personnel exchange. Partner with international agencies and co-operative organizations for mutual learning.

### *Strengthening the Regional Economy*

Significant changes are occurring in the spatial organization of co-operative activities. This includes some consolidation into larger centres, and investment in selected smaller centres. In some cases, larger urban-based co-operatives are helping to stabilize and revitalize co-operatives in rural communities. Given their strong roots in local places, co-operatives have compelling reasons to participate in and promote new arrangements for providing quality services in communities of various sizes—including smaller or more remote rural centres.

#### **Recommendations**

Develop partnerships among co-operatives, communities, and agencies to achieve regional development objectives. Augment mutually advantageous rural-urban linkages through co-operatives. Increase involvement in REDAs to ensure that the co-operative model is considered when new services are developed. Evaluate alternatives for the reorganization and relocation of co-operatives in the context of collaborative, strategic, regional planning.

Institute a regional co-operative development council and/or a co-operative development foundation to support new community and co-operative initiatives; federal, provincial, and regional agencies to partner with co-operatives and help fund rural co-operative development.

### *Other Roles in the Economy*

Co-operatives are well integrated into the province's economy, and into communities at many levels. Their links to other co-operatives and other organizations or agencies provide information and resources to support and enrich what is available locally.

Co-operatives help to fund, support, and promote the activities of a wide array of voluntary groups, as well as strategic partnerships among government, business, and community organizations.

Co-operatives have important roles strengthening linkages within and among communities and sectors. Co-operatives continue to be important sites of social innovation, and key partners for multi-sectoral collaboration.

**Recommendation**

Recognize the co-operative advantage in promoting partnerships and collaboration; document co-operative support for community and voluntary organizations.

**Providing Leadership***Leadership*

Co-operatives have a strong impact on both the current leadership in rural communities and the development of new leaders. Collaborative models, both formal and informal, are increasingly being used to strengthen co-ops by leveraging limited resources, and to provide services in vulnerable communities. To be successful in collaborative ventures, leaders require the ability to develop relationships with diverse stakeholders. Co-operatives can build on their strengths in this area by welcoming greater diversity into their leadership ranks. Through the support of education and training initiatives, co-operatives can increase their involvement in building the capacity of their members and employees to take on leadership roles in the community.

**Recommendations**

Expand the knowledge of various collaborative models in use through research and sharing of best practices. Such knowledge has to be linked to leadership training programs, where collaborative skills are emphasized.

Support further educational experience in co-operation and community economic development for interested personnel. Promote exchanges, visits, networking, and collaborative projects.

### **Recommendation**

Build employee loyalty and demonstrate broader concern for human development by showing leadership in the implementation of progressive labour relations. Co-operatives should strive to be seen as highly desirable places to work given the whole package of conditions, benefits, and opportunities that they can provide.

### *Diversity*

There is an ongoing need to find new ways to make co-operative board and staff positions accessible and attractive to under-represented groups, including women, young people, new immigrants, and aboriginal persons. Some co-operatives can boast important advances in this regard, providing examples and inspiration for co-operatives and other organizations that have made slower progress on these agendas.

### **Recommendations**

Co-operatives should emulate effective practices: develop appropriate services and capacities; pursue equity goals in employment, appoint aboriginal liaison committees, and seek partnerships with aboriginal bands, councils, and development authorities.

Consider methods adopted elsewhere such as Gender Sensitivity Training (GST); a focus on Gender and Development (GAD) issues; and mentoring of female managers, staff, and directors. Continue to support the "Women and Co-operatives Forum" on a regional basis.

## Conclusions

The co-operative sector in Saskatchewan is financially healthy.

Statistical profiles of co-operative contributions to the economy are critical for promoting and developing the sector.

Co-operatives in many places have capitalized on their image, and on public support for co-operative enterprise, to aggressively market membership and services to new groups. The record in Saskatchewan is mixed, but there could be more attention to this opportunity for growth and renewal.

Co-operatives have behaved differently from other institutions in terms of their pricing, their commitment to community rather than individual interests, and their ability to provide goods and services that retain a portion of the income in the community. This is especially true in smaller and more geographically isolated communities.

Co-operatives strengthen economic activity and employment through community development initiatives.

The co-operative model is proving adaptable to many organizational objectives. New co-operative institutions are being built to pursue endeavours as diverse as farmer-owned processing facilities and housing for low-income urban residents.

Globalization presents risks, challenges, and options for Saskatchewan communities. Co-operatives provide opportunities to participate in global exchange without sacrificing local control.

Rural, resource-based industries face important technical and social challenges with respect to sustainable development.

## Recommendations

The co-operative model should be promoted as a financially viable institutional form for providing goods and services to a group or a community, especially when this provision requires knowledge of the local economy and/or is sensitive to profitability.

Continue to work with the co-operative sector to collect financial information from all provincial co-operatives for storage in an electronic database.

Co-operatives are well positioned to engage effectively in various forms of social marketing. Co-operatives can market their service to new groups by emphasizing the social equity, environmental stewardship, democratic, user ownership, and community development aspects of their enterprises.

The co-operative model needs to be promoted for use as a community development strategy. Co-operative leaders should continue to undertake educational activities to demonstrate the effectiveness of the co-operative approach.

While activity in this area has increased, co-operatives must be encouraged to continue by supporting member and leader education and training programs. These programs should provide co-operatives and communities with a better understanding of what community development involves, and what co-ops and other organizations can do to facilitate it.

Support the start up of new co-operative enterprise and the development of new co-operative forms. Co-operatives work best in a context where there is a multiplicity of co-operative firms, operating in multiple sectors, and where people attend to the preservation of co-operative identity and co-operative principles.

Recognize and develop co-operatives as organizations that facilitate global linkage, exchange, and co-operation.

Document the role of co-operatives in sustainable development. Develop expertise in the potential of co-operatives as vehicles for sustainable development.

## Conclusions

There is growing worldwide interest in co-operative organizations as vehicles for economic and social development. The vibrant co-operative sector in Saskatchewan opens opportunities for international exchanges, trade, and collaboration.

Significant changes are occurring in the spatial organization of co-operative activities. This includes some consolidation into larger centres, and investment in selected smaller centres. In some cases, larger urban-based co-operatives are helping to stabilize and revitalize co-operatives in rural communities.

As established organizations, co-operatives are frequently involved as partners in other community economic development endeavours. This involvement ranges from provision of services and cash contributions to assumption of leading roles in organizations attempting innovative projects.

Co-operatives have important roles strengthening linkages within and among communities and sectors. Co-operatives continue to be important sites of social innovation, and key partners for multi-sectoral collaboration.

Collaborative models, both formal and less formal, are increasingly being used to strengthen co-ops by leveraging limited resources, and to continue to provide services in vulnerable communities.

Co-operative managers, staff, and directors are involved in numerous community development projects. There are many opportunities for increasing and strengthening this activity.

Some co-operatives have implemented employment equity plans, taken steps to reduce conflicts between demands of home and workplace, and have fostered the full development of their staff and managers. Others have not done much more than meet minimum regulatory requirements.

## Recommendations

Further develop national and international linkages for trade, mutual assistance, and personnel exchange. Partner with international agencies and co-operative organizations for mutual learning.

Develop partnerships among co-operatives, communities, and agencies to achieve regional development objectives. Augment mutually advantageous rural-urban linkages through co-operatives. Increase involvement in REDAs to ensure that the co-operative model is considered when new services are developed. Evaluate alternatives for the reorganization and relocation of co-operatives in the context of collaborative, strategic, regional planning.

Institute a regional co-operative development council and/or a co-operative development foundation to support new community and co-operative initiatives; federal, provincial, and regional agencies to partner with co-operatives and help fund rural co-operative development.

Recognize and document this co-operative advantage; promote research and training to reinforce this dynamic.

Expand the knowledge of various models in use through research and sharing of best practices. Such knowledge has to be linked to leadership training programs, where collaborative skills are emphasized.

Support further educational experience in co-operation and community economic development for interested personnel. Promote exchanges, visits, networking, and collaborative projects.

Build employee loyalty and demonstrate broader concern for human development by showing leadership in the implementation of progressive labour relations. Co-operatives should strive to be seen as highly desirable places to work given the whole package of conditions, benefits, and opportunities that they can provide.

## Conclusions

Co-operatives have demonstrated leadership in developing services and programming for, and partnerships with, aboriginal communities and organizations. This is an important economic and social contribution.

Women provide support and leadership for community organizations in many capacities, but continue to be under-represented in co-operative management and board positions. Co-operatives have a special reason to address this equity issue, given the strong potential attraction that co-operative enterprise hold for women.

## Recommendations

Co-operatives should emulate effective practices: develop appropriate services and capacities; pursue equity goals in employment, appoint aboriginal liaison committees, and seek partnerships with bands, councils, and development authorities.

Consider methods adopted elsewhere such as Gender Sensitivity Training (GST); a focus on Gender and Development (GAD) issues; and mentoring of female managers, staff, and directors. Continue to support the “Women and Co-operatives Forum” on a regional basis.

# Conceptualizing the Social and Economic Impact of Co-operatives

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Co-operatives have been instrumental in shaping the economic, political, social, and cultural reality of Saskatchewan, and in turn, have been shaped by all these forces. Co-operatives have been prominent in the politics and commercial history of the province, and have influenced the character of community life. With strong and long roots, Saskatchewan's co-operative movement has contributed to the development of the national and international co-operative sector. These links have brought many visitors, innovative ideas, and resources to the province. Given the influence of co-operatives in key institutions and sectors, it could be argued that Saskatchewan is the quintessentially co-operative province.

## Conceptualizing Social and Economic Impacts

Attempts to distinguish between the “social” and the “economic” aspects of real lives and real communities quickly founder unless one is willing to embrace enormous simplifying assumptions. Economic decisions and policies—even strictly commercial endeavours—always have social implications, which can be more or less positive for the communities and individuals concerned. Likewise, social policies, initiatives, and conditions have economic implications. What we recognize as a modern, developed society encompasses many social and economic variables that are intimately combined in our institutions, organizations, traditions, and conventions.



Matters such as quality health care, public education, democratic institutions, access to opportunity, employment equity, and social peace are inextricably intertwined social and economic concerns. The connection between these concerns, and the need to address them together, is one of the first principles of sustainable development, which necessarily implies finding ways to integrate multiple objectives.

Tension among social, political, and economic agendas is a given in all complex organizations. In co-operatives and the co-op movement, however, this creative tension is tuned to a higher pitch, and is a more recognized aspect of the organizational culture. In theory and in practice, co-operatives have always combined marketplace objectives with the broader mandates associated with social movements. Co-operatives have inevitably involved a re-balancing of individual and collective interests. And there has never been a moment when the economic and social dimensions of investment and programming decisions have been completely divorced.

It is not a simple task to evaluate the social and economic impacts of complex organizations such as co-operatives. Moreover, significant outcomes usually have multiple causes. Only when a certain number of conditions coincide is it possible for leaders to implement what they have learned, or for community entrepreneurs to launch a successful project. Many individual talents and collective potentials remain undeveloped because certain crucial factors are absent, or because certain blocking factors cannot be overcome. Co-operatives play a double role here, adding to the resource mix and changing the “field conditions” so that innovative ideas can germinate and take root.

The impacts of co-operatives are both direct and indirect. While direct impacts may be more obvious and measurable, the cumulative though more diffuse consequences of second- and third-order knock-on effects can be, in the end, more lasting and significant—comparable to the splash and ripple dynamics when an object hits the surface of water. The potential stabilizing effect of co-operative organizations is an example of the latter kind. Inasmuch as co-operatives represent a stable element in the regional economies of the province, they may help to create a positive climate for investment and reinvestment by individuals, firms, and governments. The cumulative impacts—with respect

to employment, real estate markets, the tax base, and access to goods and services—may mean the difference between community renewal, or decapitalization and decline. This is particularly true where the local economy is vulnerable, small, and relatively isolated, as in some rural settings. There, the stabilizing presence of a co-operative or credit union may tip the balance between equilibrium and regression, and the beneficiaries will not all be members or patrons of the co-operative.

Some of the social and economic impacts of co-operative organizations and enterprises may be far removed from the place and time of origin. Leadership skills developed in a co-op management role, for example, may have their most significant play years later, in an altogether different context. Measuring these and other such impacts is a truly complex activity. To start to do so, we have combined several kinds of evidence, examining each in the light of the other. These data include the quantitative materials that constitute the “Sectoral Analysis,” and the qualitative, contextualized details provided by interviews with key informants in four sets of community case studies. Finally, and no less important, we have reviewed a growing body of literature that speaks to these issues, and have analysed these works in light of collected experiences studying co-operatives from several disciplinary perspectives.

## **Building and Sustaining Communities**

The links between social and economic issues are highlighted in community development and community economic development. The latter (CED) represents a conscious effort to incorporate both economic and social goals by generating wealth that remains in the community; striving to include marginalized groups and individuals; and combining the development of an “enterprise culture,” based on a philosophy of self-reliance, creativity, and innovation, with a commitment to co-operation, equity, and broad participation (Walker 1994).

These links are also central to the conceptualization of “social capital” as an important ingredient in the formation of “entrepreneurial communities” (Flora and Flora 1993). Social capital can be defined broadly as “those voluntary means and processes developed

within civil society which promote development for the collective whole.” These means and processes reduce impediments to social interaction; engender social bonding as reflected in trust, confidence, and respect for others; and give rise to genuine alternatives for a development whose defining features include that it is humane, sustainable, empowering, synergistic, catalytic, mobilizing, and accountable (Thomas 1996). For the purposes of her research in American rural communities, Flora (1995) has defined social capital to include aspects such as inclusive vertical and horizontal networks; a broad definition of useful resources and contributions; equality of access; a broad conception of community membership; and a commitment to open, democratic processes. While these dynamics alone may not be sufficient to sustain the development of regional economies and community institutions, their absence renders the outlook for successful pursuit of community development much less optimistic. Moreover, deficits in these categories may reduce the effectiveness of any investments in physical infrastructure, or in the training and education of individuals as “human capital.”

The development of regions and communities thus depends on an array of interacting social, political, and cultural issues as much as on initial resource endowments, geography, historic position within the global economy, and public and private investment. What is the impact of co-operatives in this context? Co-operative organizations themselves are the outcome of development processes; they are also the site for the reproduction and expansion of social capital. In the latter sense, co-operatives have brought people together within communities, sectors, and regions to address common concerns or objectives, and are a constant reminder that citizens can create and sustain new organizations to pursue shared goals. Moreover, co-operatives are a school for democratic processes, where members, directors, and staff learn how to manage complex organizations and multiple objectives in a framework of co-operation and democratic participation. Co-operatives extend the networks of people in small communities, joining local organizations both horizontally and vertically to the resources of similar or related organizations on a regional and national scale. The crucial character of these networks is mutualism: all participants benefit from the relationship.

Given their character, which combines aspects of both private- and public-sector organizations, co-operatives have also been sought out as key partners for joint ventures, or projects involving community organizations and state agencies, as well as other enterprises, groups, and individuals. In an era when partnership is an indispensable strategy for improving the effectiveness of developmental efforts undertaken by governments, quasi-governmental organizations, and corporate investors, this capacity of co-operative organizations becomes an even more valuable asset. In Saskatchewan, co-operatives sustain and strengthen links within and between industries or economic sectors, and also regions and communities. Co-operatives also provide useful links among different kinds of organizations and agencies in the private, community, and public spheres.

Co-operatives in Saskatchewan are involved in a wide range of activities that mix social and economic objectives in varying proportions. They provide organizational diversity, which is necessary if suitable vehicles are to be found for responding to a broad range of conditions and needs. The investor-owned firm may be quite adaptable, but it does not work well in every circumstance. Co-operatives are a vehicle for investment in regional economies that will often yield higher combined returns in a number of domains that are of interest to people in their various capacities as citizens, community members, and businesspeople.

Economists measure the total impact of spending in a particular sector by calculating economic multipliers—the value by which an initial dollar of spending is increased as it works its way through the economy. This approach may focus on income or employment multiplier effects, and regional or local community-level impacts. The methodologies include comprehensive input-output models; estimation of regional employment or income contributions of particular industries; and regional income models designed to reveal the different impacts of spending in smaller and larger communities (Olfert and Stabler 1994). These tools are useful in estimating the size and location of the economic impacts of new spending or investment.

There are, however, other crucial considerations. The approach outlined above leaves aside the impacts of organizational behaviour and enterprise structure on both economic

# Co-operative Principles

## Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

## Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

## Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

### First Principle:

#### **Voluntary and Open Membership**

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

### Second Principle:

#### **Democratic Member Control**

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

### Third Principle:

#### **Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the

co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

### Fourth Principle:

#### **Autonomy and Independence**

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

### Fifth Principle:

#### **Education, Training, and Information**

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of co-operation.

### Sixth Principle:

#### **Co-operation among Co-operatives**

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

### Seventh Principle:

#### **Concern for Community**

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Source: MacPherson 1996.

and social variables of interest to community members. Though more difficult to estimate than economic multipliers, it is clear that organizational forms and practices will affect, among other things, the degree to which wealth is retained in the local region, and the degree to which reinvestment decisions are locally controlled. Moreover, organizational differences among enterprises may yield quite different “social multipliers,” i.e., the quality as well as the quantity of employment generated, and the degree to which the activity or enterprise fosters the wider development of capabilities, know-how, and entrepreneurial initiative—broadly defined (Gertler 1998 forthcoming). Other dimensions of the social multiplier include the degree to which the activity/enterprise supports the continued development of community institutions, networks, and identities; and the degree to which it fosters the integration of marginalized populations, which may include women, youth, newcomers, and others who are minorities by virtue of numbers or exclusion.

Given their historical record, their dual character as economic and social organizations, and the set of principles that underlie co-operative identity (see page 31), it can be argued that co-operatives offer important advantages as vehicles for increasing both the economic and the social multiplier effects of new initiatives or investments. Moreover, their roots in communities and their ownership structure offer the additional advantage of capturing and keeping more of this increase within the community or region. In this sense, the practice of co-operation in co-operatives can be said to contribute directly to the “community multiplier,” which reflects the local impacts of economic and social multiplier effects combined.

## **Co-operatives and the Changing Structure of Communities**

We have used the term “community” in connection with community economic development, community membership, community multipliers, and so on. The character and structure of communities is changing rapidly. For the purposes of this discussion, we will consider two related meanings of the term that reflect two connected but distinct forms of community that are evolving together in the province and elsewhere.

The first type is a place in the geographic, legal, and social sense—the communities we discuss when we make reference to the settlements located on the map of the province. These communities, by definition, include everyone who resides in those places. This type of community is still very important in the lives and livelihoods of Saskatchewan people. It is in these settings that services are provided, local governments are elected, resources are managed, homes are built, real estate is bought and sold, businesses are established, and neighbouring is put into practice. It is here also that diversity and difference are tolerated or celebrated.

These centres are linked together in a hierarchical system that is characterized by flows of commodities, capital, information, and population. In that sense, they are also part of a large network. As discussed below, local communities can also be seen as networks. People establish relationships based on shared concerns or needs, experiences or preferences, demographic characteristics or locality. Yet networks need not be strictly local. Increasingly, people are deriving their pleasures, identities, and livelihoods through networks that extend outside of local communities of place. These two forms of community have always coexisted, but due to specialization, communications technologies, and economic restructuring, spatially expanded (or geographically liberated) networks now assume greater importance in people's lives. Such networks—based on shared interests, tastes, or social projects—expand personal horizons and open up new possibilities for linkage and collaboration. Yet extra-local networks may also divert energies and identification away from local communities.

People belong to overlapping networks that may be tightly or loosely knit, more or less inclusive, and more or less local in terms of membership. Networks in rural places are often relatively small in terms of numbers of participants. As discussed below, this renders them more sensitive to the removal or addition of active members. In this sense, the stabilizing influence of co-operatives in rural centres can become crucial to many aspects of social and economic life.

## Networks: A Conceptual Model

Networks are thought to be the basis for communication and information sharing. Networks allow for synergies and complementarities; in other words, networks allow ideas, actions, plans, etc., to work together for a combined result that is greater than the sum of their individual impacts. Networks allow for both specialization and access to new ideas, i.e., new know-how. A simple network model is shown in figure 1.

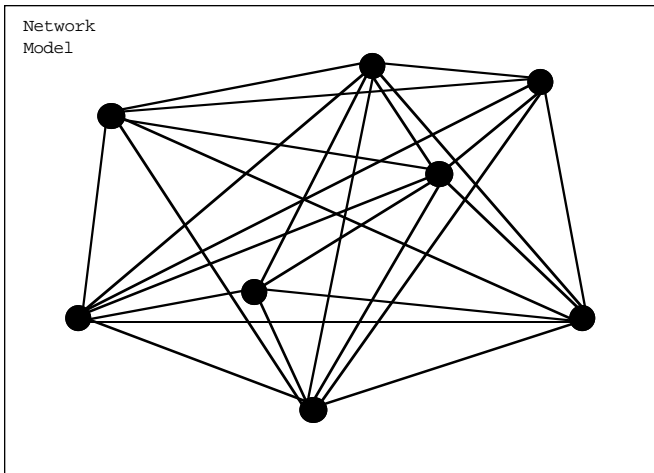


Figure 1

Networks are critical in this process because the basic elements of communication—knowledge and know-how—are different from other inputs. Unlike fuel, for example, which can be used once and is gone, knowledge and know-how can be used repeatedly by different people in different locations at the same time. New know-how, or in-

structions, can be created by reconfiguring or combining old instructions in different ways. Networks increase the opportunities for new instructions to emerge and make it easier for people to share the knowledge that results.

Figure 2 illustrates the number of different instructions that are possible with one, two, three, and four basic instructions, each of which can have two values. As can be seen, the possibilities increase exponentially, from two, to eight, to twenty-four, to sixty-

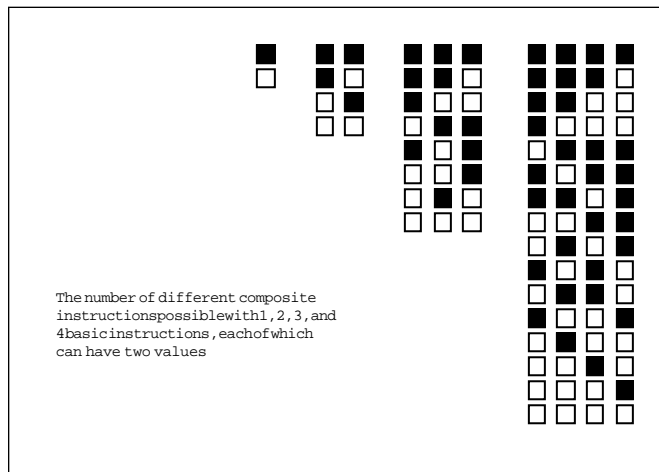


Figure 2



four. Extrapolating further from this, figure 3 shows graphically how networks can increase the opportunity for sharing know-how. As the number of network nodes grows from zero to fifty, the number of direct connections grows from zero to more than twelve hundred. Figure 4 is a visual representation of how networks can be reconfigured to create new sets of instructions and relationships.

Communities can be thought of as networks. When people first arrived on the prairies, they settled in the equivalent of the small hexagons shown in figure 5. There was relatively little mobility, transportation, or communication. People existed largely in their own little cells and called it their community.

The local communities existed in relation to larger towns and cities, but interaction was limited. This used to be our conceptual model—hierarchical in nature—and it is a model that is no longer adequate. We are now connected not only with our immediate neighbours, our neighbourhood,

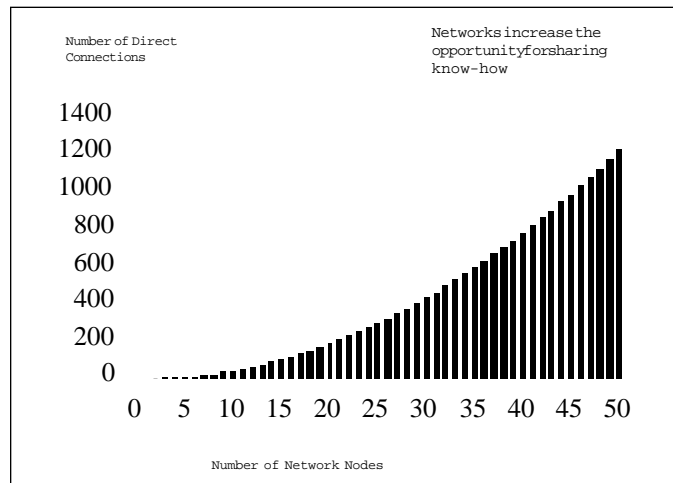
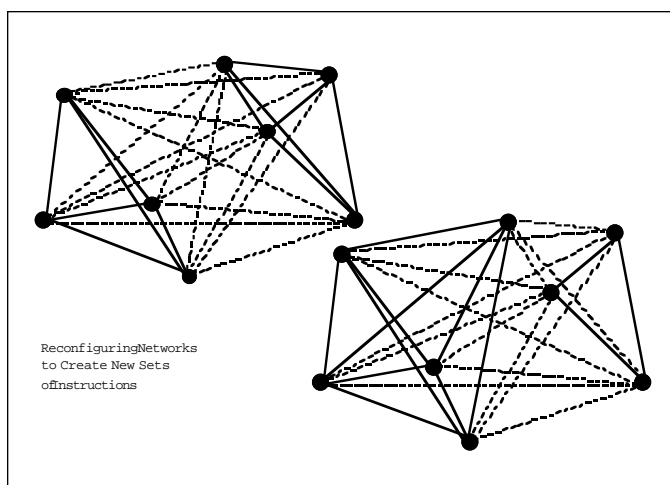


Figure 3



our community, and nearby towns, but through technology, with other communities across the country and around the world.

Figure 4

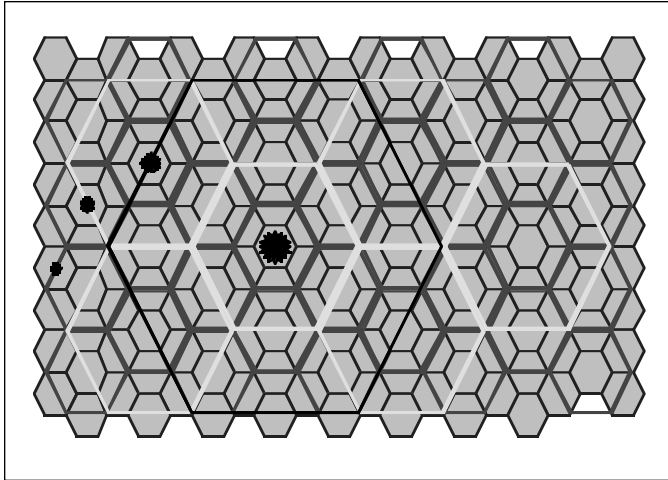
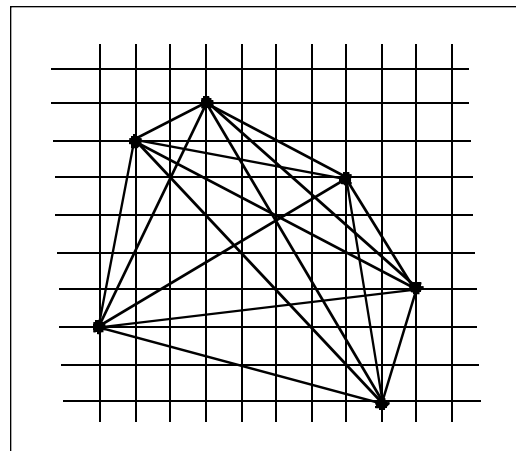
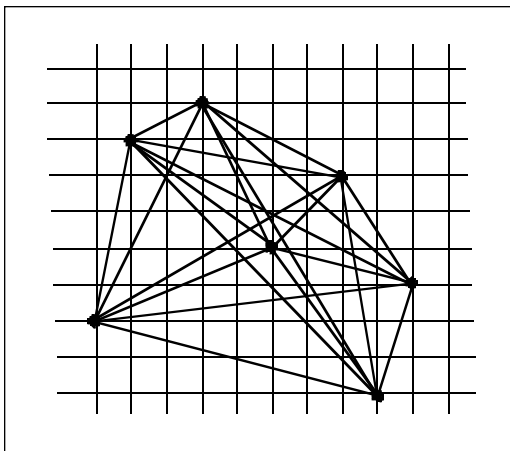


Figure 5

Figure 6 shows a sample community with a number of nodes and a complex network of interconnections. In rural areas, roads can be thought of as a physical link in the network—arteries to individual homes and farms for the school bus, the fuel truck, trucks to transport commodities, service vehicles, friends

coming and going, the family coming and going, etc. If you remove one node (family or farm) from the network illustrated in figure 6, there is not a simple linear reduction in the system, but a dramatic shrinking of the interconnecting linkages, as shown in figure 7. It will affect the entire network. On the other hand, if you add nodes, there will be a tremendous increase in linkages, to the advantage of the network as a whole. This illustrates the importance—especially in rural Saskatchewan—of institutions that help to stabilize or build critical mass in terms of population, service outlets, and places of employment.



Figures 6 and 7, showing the effect of removing one node from a network illustrating linkages within a community.

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## Conclusions

Measuring the societal impacts of co-operatives requires a reconceptualization of the interconnected character of social and economic life. Co-operatives enter this complex system by many paths, directly and indirectly. They bring together capital and human resources to accomplish collective projects beyond the capabilities of individuals, and also beyond the capabilities—or mandates—of many other kinds of organizations. In addition, their existence changes the climate and context in which opportunities can be perceived and pursued. Co-operatives both reflect and contribute to qualities that are among the most highly valued in our self-concept as a society: a spirit of co-operation and a sense of collective responsibility and empowerment. The presence of co-operatives may be particularly crucial in smaller rural centres, where they carry on important networking functions, and help to stabilize the community networks that make both livelihood and quality of life possible.

It is difficult to estimate the full impact of co-operatives. One way to grasp it is to ask what would Saskatchewan have become—and what might it become—in their absence? It is arguable that the structure of the agro-industrial sector, and with it the social structure of rural Saskatchewan, would have been considerably different. Retailing, wholesaling, the financial services sector, and the health sector would all have developed quite differently, as would the politics of the province, the regulatory environment, and many key policies and programs. Would we be well placed to take part in the global economy? Would we have the social and physical infrastructure we now possess? Would we enjoy a national and international reputation as a caring and engaged society?

What does this exercise in rethinking and reassessment say about the future role of co-operatives? The questions and observations suggest a need for continuing investigation of how co-operatives, in their various manifestations, can best contribute to sustainable development in Saskatchewan. Co-operatives have demonstrated their adaptability and multi-sided potential. Their legacy is a strong card in the province's mix of attributes and assets. Co-operatives can continue to be important organizations for realizing the multiple bottom lines that reflect our diverse interests as citizens, community members, consumers, producers, and builders.

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# Sectoral Analysis

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## The Co-operative Sector in Saskatchewan

In conducting a survey of Saskatchewan co-operatives in 1996, we were able to compare our findings to a similar study published in 1991, which assessed the economic impact of Saskatchewan co-operatives in 1989.<sup>1</sup> As a result, we have been able to analyse the 1996 data both as a relatively current cross-sectional representation of co-operatives, and temporally, vis-a-vis the 1989 data.<sup>2</sup>

Similar to the findings of the 1991 study (Fulton et al.), co-operatives in Saskatchewan continue to be involved in a wide range of activities: agriculture and resources, community development, recreation, child care and education, wholesale and retail, financial, community service, and other types of co-operation.

Co-operative enterprises in Saskatchewan vary widely in terms of their size and scope. Large co-operatives, such as the Saskatchewan Wheat Pool (SWP), Credit Union Central (CUC), and Federated Co-operatives Limited (FCL), wield significant economic power in the provincial economy. Although smaller co-operatives seem insignificant in comparison, they are major players at the community level, and two of the largest—FCL and CUC—exist primarily to serve the needs of a network of smaller retail and financial co-operatives. As one of the few remaining businesses in small centres, a co-operative provides essential employment and services to resi-

As one of the few remaining businesses in small centres, a co-operative provides essential employment and services to residents and has a critical impact on the survival of rural communities.

dents and has a critical impact on the survival of rural communities. Distributed throughout the province in communities of every size, the smaller co-operatives provide important local economic activity. In addition, they continue to make significant social contributions to the communities in which they are located, the impact of which is discussed elsewhere in this report.

There were 1,560 active co-operatives in 1996, an increase of 10.8 percent compared to the 1989 total of 1,408 (Table 1). Noteworthy changes in the number of co-operatives by sector include: an increase of 18.3 percent in the number of agricultural and resource co-operatives; an increase of 20.5 percent in community service co-operatives; an increase of more than 300 percent in the number of community development co-operatives; and a decrease of 17.7 percent in the number of recreational co-operatives.

**Table 1:** Number of co-operatives and active membership, 1989 and 1996

	Number of Co-ops		Active Membership	
	1989	1996	1989	1996
Agriculture & resource	345	408	74,603	72,209
Community development	41	165	186	1,807
Recreation	266	219	17,459	20,805
Child care & preschools	120	133	9,975	8,895
Retail & wholesale	186	192	289,054	283,415
Financial	358	345	583,559	569,849
Community service	39	47	21,334	30,582
Other	53	51	2,194	2,559
Total	1,408	1,560	998,364	990,121

Compared to 1989, the total active membership has remained relatively stable at just under one million, although significant changes in membership have occurred within community development, recreation, and community service categories. Many of the changes in membership can be explained by changes in the number of co-operatives within these sectors, although agricultural membership actually fell despite the increase

in the number of co-operatives. Part of the increase in membership of community service co-operatives (9,248) can be explained by the fact that one health clinic is now reporting membership by individuals rather than by family unit.

In 1996, total assets controlled by co-operatives in Saskatchewan were \$9.19 billion (Table 2). As was the case in 1989, financial co-operatives accounted for the largest portion, with \$6.99 billion in assets (the breakdown of financial data by co-operative category for 1996 will be discussed in more detail later in the report). The average debt-to-asset ratio for all co-operatives in 1996 was 0.46, due in large part to the financial co-operatives, which had a very high average debt-to-asset ratio (0.94). The financial co-operatives were not included in the 1989 debt-to-asset calculations, and if they are excluded from the 1996 statistics, the ratio falls to 0.31 for the nonfinancial co-operatives. This ratio is virtually unchanged from the value calculated for nonfinancial co-operatives in 1989 (0.30), suggesting a degree of economic stability in the operations of the co-operative sector. Members' equity for all co-operatives was reported at \$1.39 billion in 1996, compared to \$0.96 billion in 1989. Adjusting for the Consumer Price Index (CPI),<sup>3</sup> this represented an actual increase in members' equity of 20 percent.

**Table 2:** Comparison of co-operatives' aggregate data, 1989 and 1996

Descriptor	1989 (x 1000)*	1996 (x 1000)*	% Difference (unadjusted)	% Difference (adjusted for inflation)
Assets	\$8,745,524	\$9,193,276	5.1	-13.2
Liabilities	\$7,609,845	\$7,586,328	-0.3	-17.6
Average debt/asset				
All Co-ops	na	0.46	na	na
Nonfinancial co-ops	0.30	0.31	3.3	na
Members' equity	\$958,368	\$1,394,194	45.5	20.2
Revenue	\$3,512,014	\$6,903,601	96.6	62.4
Surplus	\$86,479	\$245,613	184.0	134.6
Employees	15,668	14,428	-7.9	na
Wage bill	\$361,428	\$423,844	17.3	-3.1
Capital investment	\$100,961**	\$124,268	23.1	1.7

\* Except for the number of employees  
\*\* Adjusted from figure reported in 1989. See footnote 29 for explanation.

Recorded revenues in 1996 were almost double those in the previous study, with co-operatives generating \$6.9 billion, compared to \$3.5 billion in 1989. Much of this increase can be attributed to Saskatchewan Wheat Pool (SWP), which recorded revenues in excess of \$4 billion in 1996, compared to \$1.6 billion in 1989, a difference of \$2.54 billion. Net income in 1996 was also up significantly, at \$245.6 million, compared to \$86.5 million in 1989, a real increase of 135 percent. The combination of a much higher surplus for SWP and the retail co-operatives affiliated with Federated Co-operatives Limited (FCL), and the lack of a surplus figure for FCL in 1989, accounted for the extreme differences.

After adjusting for inflation, wages within the co-operative sector of the economy appear to have fallen by 3.1 percent compared to 1989, which may be partly accounted

There were 1,560 active co-operatives in 1996, an increase of 10.8 percent compared to the 1989 total. Recorded revenues in 1996 were almost double those in the previous study, with co-operatives generating \$6.9 billion.

for by a decline in the number of people employed by co-operatives. As well, legislative changes to the reporting requirements of for-profit co-operatives following the 1989 report have reduced access to the financial data for some organizations, including their expenditures for wages and benefits. These factors combine to suggest that there actually has been an increase in wages. As a

portion of the total Saskatchewan economy, the 14,428 people employed by co-operatives accounted for 3.2 percent of the province's employed labour force in 1996, down from 3.5 percent in 1989. Total wage bills (salaries and benefits) for co-operatives in 1996 were \$424 million—equivalent to 2.1 percent of personal incomes for the province—the same percentage reported in 1989. The capital investment of \$124 million reported in 1996 represented 2.7 percent of total new capital investment in the province, up from the 2.4 percent reported in 1989.<sup>4</sup>

For convenience, the financial statistics for each of the co-operative categories for 1996 are displayed in Table 3 (see facing page). These figures will be discussed in more detail in the sections of the report that review each category individually. Unless expressly indicated, tables comparing co-operative financial data from 1989 and 1996 may be found following the "Sectoral Analysis," beginning on page 86.



tables 3 and 5 here

## Agricultural and Resource Co-operatives

**F**armers continue to perceive co-operatives as an effective means of growing, processing, and marketing their produce. Co-operatives categorized as agricultural and resource include farming, feeder, grazing, breeding, seed cleaning, farmers' markets, fishing, Saskatchewan Wheat Pool, Saskatchewan Dairy Producers,<sup>5</sup> and other miscellaneous agricultural-based organizations.

The agricultural and resource co-operatives have recently seen substantive changes in the two largest co-operatives in this sector: Dairy Producers and Saskatchewan Wheat Pool. In January 1996, Dairy Producers amalgamated with Dairyworld Foods to create a single co-operative extending from Saskatchewan to British Columbia. More dramatically, the Saskatchewan Wheat Pool became a publicly traded company in 1996, selling non-voting shares and thus expanding their sources of investment beyond member-producers.

Revenues in 1996 were more than double the amount reported previously, with agricultural co-operatives generating \$4.3 billion compared to \$1.8 billion in 1989.

There were 408 active agricultural and resource co-operatives in 1996 compared to 345 in 1989, an increase of 18.3 percent. Active membership fell from 74,603 to 72,209, a decline of 3.2 percent, indicating that the average co-operative membership is declining. Of the 408 active co-operatives, complete financial data were collected on 279, or 68.4 percent (Table 4). As discussed

earlier, for-profit co-operatives are no longer required to submit complete financial records to the Department of Justice in Regina. The impact of this change on data collection was most significant among agricultural co-operatives, particularly in the categories of farming, feeder, breeding, and fishing. Complete information was available from most, however, including the largest co-operatives. The aggregate values, therefore, can be interpreted with a high degree of confidence.

Total assets were \$1.33 billion compared to \$0.81 billion in 1989, a real increase of 35.7 percent. Although liabilities increased to a greater extent, the average debt-to-asset ratio fell from 0.46 to 0.39, indicating an overall improvement in the sector, with debt concentrated among fewer co-operatives. The 32.1 percent decline in members' equity (adjusted

**Table 4:** Comparison of agricultural and resource co-operatives, 1989 and 1996

Descriptor	1989 (x 1000)*	1996 (x 1000)*	% Difference (unadjusted)	% Difference (adjusted for inflation)
Assets	\$812,257	\$1,334,647	64.3	35.7
Liabilities	\$464,421	\$828,015	78.3	47.2
Average debt/asset	0.46	0.39	-15.2	na
Members' equity	\$388,037	\$318,877	-17.8	-32.1
Revenue	\$1,802,456	\$4,302,615	138.7	97.2
Surplus	\$11,547	\$52,176	351.9	273.2
Employees	3,918	3,400	-13.2	na
Wage bill	\$114,121	\$124,124	8.8	-10.2
Capital investment	\$65,456	\$80,011	22.2	1.0

\* Except for debt/asset and number of employees

for the CPI) among agricultural co-operatives should be viewed in light of the changes implemented by SWP, and will be discussed more fully below.

Revenues in 1996 were more than double the amount reported previously, with agricultural co-operatives generating \$4.3 billion compared to \$1.8 billion in 1989. Net income in 1996 was even more pronounced, at \$52.2 million, a real increase of 273 percent. Real wages declined by 10.2 percent compared to 1989, but after taking into account a fall of 13.2 percent in the number of employees, the average wage actually increased slightly.

Agricultural and resource co-operatives combined held nearly 14.5 percent of all co-operative assets in Saskatchewan in 1996, while generating 62.3 percent of revenues and 21.2 percent of co-operative surpluses. These co-operatives also accounted for 23.5 percent of co-operative employees, paying out 29.3 percent of all co-operative wages. The 1996 data for the different types of agricultural and resource co-operatives are provided in Table 5 (see page 43). The figures for each type of co-operative will be discussed in detail in the following sections of the report.

## **Farming**

The roots of farming co-operatives in Saskatchewan can be traced to the mid-1940s, when veterans returning home after the war faced the challenge of securing employment. A government initiative facilitated the establishment of farming co-operatives for these individuals. In 1996, Saskatchewan was home to 36 farming co-operatives, with a total membership of 224. These numbers are down from 1989, when there were 44 co-operatives with 234 members. Of the 36 active organizations, financial data were collected for 20.

Financial statements were a mix of 1995 and 1996 annual reports, with the total farm receipts for 1996 being a prorated estimate based on 1995 receipts and the rate of increase during the first three quarters of 1996. Fourth quarter results from 1996 were unavailable when the report was being prepared.

Assets reported in 1996 totalled \$4.7 million, while total liabilities were \$2.1 million. The financial health of these co-operatives appeared to improve, with the average debt-to-asset ratio decreasing from 0.67 to 0.45. Compared to the 56,995 farms operating in Saskatchewan in 1996,<sup>6</sup> however, the number of co-operative enterprises remains quite small.

Revenues reported in 1996 were \$3.3 million, with a surplus of \$683,000. Farming and machinery co-operatives employed 28 individuals (13 full time and 15 part time) in 1996, compared to 16 in 1989 (5 full time and 11 part time). Despite the low rate of response for these co-operatives, the reported wage bill increased significantly over this period, from \$140,000 in 1989 to \$348,000 in 1996. The average salary increased from \$8,750 in 1989 to at least \$12,429 in 1996, an improvement of 42 percent. This increase can only partially be explained by inflation; a greater reliance on full-time employees is another possible contributing factor.

## **Feeder**

The Feeder Association Loan Guarantee Program, which began in 1984, assisted farmers with feeding and marketing their cattle. Each association was required to deposit 5 per-

cent of the funds borrowed under government loan guarantees in an assurance fund. The 1989 study made the observation that most feeder associations in Saskatchewan were co-operatives due to the fact that it was fairly easy to set up a co-operative as an incorporated business, and that co-operatives received support from co-operative consultants in Economic Diversification and Trade.<sup>7</sup> In 1996, there were 5,742 active members in 137 feeder co-operatives, compared to 1,040 active members in 55 co-operatives in 1989. This represents a substantial growth in both the number of co-operatives and members in this sector, suggesting that conditions necessary to encourage entry must have been present. The number of members per co-operative also increased, from approximately 19 per co-operative in 1989 to more than 41 per co-operative in 1996.

**Table 6:** Comparison of co-operative feeder associations, 1989 and 1996

	1989	1996	% Change
Associations*	51	129	153
Loan guarantees**	\$13,556,000	\$53,167,951	292
Number of cattle	53,651	114,591	na

Source: Loan Guarantee Program, Saskatchewan Agriculture and Food

\* The number of feeder co-operatives reported by the Loan Guarantee Program is slightly different from that reported by the Department of Justice.

\*\* In 1989, reported as number marketed; in 1996, reported as number purchased.

The amount provided as loan guarantees has likewise increased (Table 6). In 1989, the program identified 55 feeder co-operatives receiving total loan guarantees of just over \$13.5 million. In 1996, with the number of participating feeder co-operatives having increased to 129, total loan guarantees stood at more than \$53 million. Adjusting for inflation (based on CPI), the amount of loan guarantees more than tripled between 1989 and 1996. With the substantial increase in active membership, the average level of borrowing has declined from \$13,000 per individual member in 1989 to \$9,300 in 1996. In 1989, feeders reported marketing 53,651 cattle. This number was unavailable in 1996, but as a proxy for the level of activity, it was noted that 114,591 cattle were purchased that year.

In 1996, for the 48 feeder co-operatives reporting, assets totalled \$43 million, compared to the \$17 million reported by 55 co-operatives in 1989. Liabilities increased even more, and the average debt-to-asset ratio was 0.96 in 1996 compared to 0.83 in 1989. Generally speaking, a feeder co-operative does not participate in the actual production of cattle for market. The high debt-to-asset ratio and comparatively low revenues can be explained by the function that these co-operatives were designed to facilitate—securing low-cost credit for their memberships.

Although 1996 revenues were not available, a surplus of \$19,000 was reported, compared to a loss of \$180,000 in 1989. Feeder co-operatives employed 172 individuals in 1996 (5 full time and 167 part time), compared to 65 (1 full time and 64 part time) in 1989. The increase can be attributed more to the expansion in the number of co-operatives rather than to any change in how these enterprises operated. The average salary paid to 65 employees in 1989 was \$1,769, compared to \$2,567 paid to 67 employees in 1996. Adjusted for the CPI, this represents a real increase of 20 percent for workers for whom a salary was reported.

## **Grazing**

Grazing co-operatives enable farmers to rent grazing land on a collective basis. In 1996, there were 1,902 active members in 139 fodder and grazing co-operatives, compared to 1,376 active members in 131 co-operatives in 1989. While the number of co-operatives has remained relatively stable, there has been a slight increase in the number of active members—more than 13 per co-operative in 1996 compared to between 10 and 11 in 1989. Assets totalled \$4.01 million in 1996 compared to \$2.95 million in 1989, and the average debt-to-asset ratio declined from 0.45 to 0.31, indicating an improvement in the financial health of these organizations. Combined revenues in 1996 were \$3.26 million compared to \$2.41 million in 1989, with a net surplus of \$32,736 in 1996 compared to \$66,000 in 1989.

Fodder and grazing co-operatives employed 62 individuals in 1996 (2 full time and 60 part time), compared to 39 (2 full time and 37 part time) in 1989. The average salary paid in 1989 was \$4,974 compared to \$3,226 in 1996 (a real decrease of 46.4 percent). While there

may be some question as to how individuals were designated as employees between 1989 and 1996 (at least 40 were classified as volunteers in 1996 due to their low level of remuneration), the minimal increase in the wage bill from \$194,000 in 1989 to \$200,000 in 1996 (3 percent) suggests a real decline in the salaries paid by these co-operatives.

## **Breeding**

In addition to the services provided by grazing and feeder co-operatives, livestock farmers have also formed breeding co-operatives to supply artificial breeding services. Not as widespread as feeder and grazing associations, breeding co-operatives in 1996 had 794 active members in 13 organizations,<sup>8</sup> compared to the 1989 figures of 135 active members in 5 co-operatives. This growth in the number of co-operatives appears to include an increase in the number of active members per co-operative. Due to the large number of members designated as inactive in 1989 and the apparent lack of inactive members in 1996, however, it is difficult to conclude whether there has been an increase in active members per co-operative, or merely a change in designation criteria.

Assets totalled \$677,000 for the 6 co-operatives reporting in 1996, with liabilities of \$501,000, compared to the 1989 figures of \$932,000 in assets and \$653,000 in liabilities. Revenues in 1996 were \$229,000, with a net surplus of \$14,000, compared to 1989 revenues of \$824,000 and a surplus of \$210,000. Breeding co-operatives employed 20 individuals in 1996 (6 full time and 14 part time), compared to 8 (4 full time and 4 part time) in 1989. The 1996 wage bill for 7 employees (2 full time and 5 part time) was \$55,000, as compared to \$68,000 for the 8 employees reported in 1989.

Due to the low level of reporting from this sector, it is difficult to be conclusive about overall changes. It should be noted, however, that the average debt-to-asset ratio remained unchanged at 0.38, and the number of breeders and levels of employment increased, suggesting stable financial health and some growth. The decline in most values reported in 1996 is partially explained by the fact that the largest breeder co-operative in 1989, which accounted for the majority of economic activity that year, no longer appeared to be active in 1996.

## Seed Cleaning

The number of seeding-cleaning co-operatives in 1996 was unchanged from 1989; the membership, however, had increased from less than 2,078 to more than 2,500, an increase of 21 percent. Assets totalled \$1.86 million in 1996 compared to \$1.8 million in 1989. The average debt-to-asset ratio fell slightly from 0.33 to 0.24, indicating a minor improvement in the financial health of the organizations. Members' equity increased from \$1.1 million to \$1.4 million, running just slightly ahead of the CPI. Combined revenues in 1996 were \$1.07 million compared to \$0.87 million in 1989, with a net loss of \$125,000 in 1996 compared to a surplus of \$29,000 in 1989.

Employment in 1996 remained relatively stable, with 22 employees (13 full time and 9 part time), compared to 25 (15 full time and 10 part time) in 1989. The 1996 wage bill continued to be a major cost factor, equivalent to fully 46 percent of revenues. The average wage in 1996 was \$22,318 compared to \$13,640 in 1989 (a real increase of 35 percent).

## Farmers' Markets

Dispersed throughout the province, farmers' markets provide an avenue for the direct marketing of a wide variety of farm produce. The majority of these businesses operate on a break-even basis, and revenues consist mainly of charges to members for co-ordination services and table rentals. In 1996, there were 2,013 active members in 41 farmers' market co-operatives, compared to 2,794 active members in 48 co-operatives in 1989. The decline

Assets in farmers' markets totalled \$305,225 in 1996 compared to \$191,000 in 1989.

in the number of co-operatives parallels the decline in the number of members participating in each one, falling from just over 58 active members per organization in 1989 to approximately 50 in 1996.

Assets totalled \$305,225 in 1996 compared to \$191,000 in 1989. The average debt-to-asset ratio, already low in 1989, fell to 0.06 in 1996. Combined revenues that year were \$244,442 compared to \$193,000 in 1989, with a net surplus of \$3,338 as compared to \$8,000



in 1989. Although the surplus is down, all the other figures suggest continuing good financial health for the remaining co-operatives.

Farmers' market co-operatives employed 24 individuals in 1996 (1 full time and 23 part time), the same as in 1989. The average salary paid out in 1996 was \$1,833 compared to \$1,375 in 1989 (a real increase of 11 percent), suggesting no significant change in the operation of these businesses, although the number of co-operatives relying on volunteer labour has declined somewhat.

### Soil Conservation

In keeping with concerns about sustainable agricultural practices, a number of soil-conservation co-operatives had been established prior to the 1989 study. Of the 15 operating in the province during 1989, 11 were located in the southern grainbelt. Five of them reported substantial funding from the Prairie Farm Rehabilitation Administration. Soil-conservation projects included the establishment of shelter-belts, conservation tillage, and continuous cropping.

The number of soil-conservation co-operatives filing with the Department of Justice declined substantially between 1989 and 1996. Only 7 were active in 1996 compared to the 15 reported in 1989. The total membership likewise declined, from 502 to 201. Suggestions as to why this occurred come from members of inactive co-operatives, who point to a lack of interest as drought conditions abated in the 1990s. Weather is cyclical, however, and one should be concerned that the necessary long-term work will not be done for the next cycle of dry years. The decline in the number of co-operatives is linked as well to the discontinuation of government programs, such as Save Our Soil and the Greenplan, which provided much of the necessary funding.

The average debt-to-asset ratio of 0.09 in 1996 compared to 0.20 in 1989 indicated a lack of debt for most soil conservation co-operatives.

Assets totalled \$128,025 in 1996 compared to \$45,000 in 1989. The average debt-to-asset ratio of 0.09 in 1996 compared to 0.20 in 1989 indicated a lack of debt for most soil-conservation co-operatives. In 1996, one co-operative accounted for virtually all the debt held by

these organizations. Combined revenues in 1996 were \$67,925 compared to \$164,000 in 1989, with a net surplus of \$25,060 in 1996 compared to a loss of \$5,000 in 1989. Employment in 1996 remained relatively stable and minimal, with 2 part-time employees.

### **Fishing**

The primary service provided by the fishing co-operatives to their individual membership is the rental of fishing equipment. All of these co-operatives, with one exception, were located in northern Saskatchewan, with the majority operating on a break-even basis. Fishing co-operatives declined substantially between 1989 and 1996, with 22 reporting in the former year and only 10 in the latter. Total membership fell from 804 to 529 during the same period.

Assets reported by 5 co-operatives in 1996 totalled \$48,000, compared to \$312,000 for 22 co-operatives in 1989, while the debt-to-asset ratio fell from 0.25 to 0.14. In 1996, revenues were reported at \$54,000, with a surplus of \$23,000; comparable figures for 1989 were \$276,000 and \$14,000. Employment declined from 13 to 4 part-time employees, with the majority of the businesses relying on volunteer labour.

### **Saskatchewan Wheat Pool**

Established in 1924 as a central marketing organization for grain producers, the Saskatchewan Wheat Pool now ranks as the largest Saskatchewan-based corporation. The SWP also ranks as Canada's largest grain-handling company, dealing with more than 57 percent of all grain delivered in Saskatchewan and more than 31 percent of all grain delivered on the prairies. This activity, however, represents only one of the many enterprises in which this large and diverse company is involved. While grain handling accounted for 33 percent of SWP operating earnings in 1996, fully 45 percent of earnings came from the farm supply segment, with an additional 22 percent derived from agri-food processing, livestock marketing, and publishing.<sup>9</sup>

Selected Pool activities from 1989 to 1996 are outlined in Table 7. Most notable is the

sustained growth in farm supplies since 1989, an area of sales that had been relatively flat during the last half of the 1980s.<sup>10</sup> The sudden jump in livestock handling reflects the merger with Manitoba Pool Elevators' livestock facilities in 1994.

**Table 7: Sales and operating revenues by segment (x 1000)**

	1996	1995	1994	1993	1992	1991	1990	1989
Country Services								
grain managed (tonnes)	9,300	10,559	10,313	10,376	11,332	11,300	9,195	6,423
Terminal elevator								
grain handling (tonnes)	4,700	6,641	5,919	5,743	7,560	7,682	7,174	5,832
Country Services								
farm supply sales (\$)	379,600	314,516	266,662	207,140	196,429	178,444	186,555	184,011
CSP Foods								
flour sales (tonnes)	na	95	100	85	84	79	71	70
Livestock handlings								
(head)	792	812	517	521	492	474	460	422
<i>Western Producer</i>								
circulation	99	96	97	100	107	126	131	135

Source: SWP *Annual Reports* (1996, 1995, and 1990).

In 1996, SWP commercial operations included: the grain handling and marketing segment (the grain operations of Country Services, Marketing and Transportation, and Terminal Elevator divisions, plus interest in AgPro Grain Inc., Pacific Elevators Ltd., Prince Rupert Grain Ltd., and XCAN Grain Pool Ltd.); the farm supplies segment (Pool Farm Supplies and affiliated Western Co-operative Fertilizers Limited); the agri-food processing segment (CSP Foods, company interests in CanAmera Foods, Prairie Malt Limited, Pound-Maker Agventures Ltd., and Robin's Foods Inc.); the livestock segment (Heartland Livestock Services and affiliated Burnt Lake Livestock Mart Ltd., Medicine Hat Feeding Company (1994), and Saskatoon Livestock Sales); and the publishing segment (Western Producer Publications and affiliated PrintWest Communications Ltd.).<sup>11</sup>

The Saskatchewan Wheat Pool underwent a significant change in its ownership structure in 1996, which allowed the corporation to be listed as a publicly traded company and

to issue Class B nonvoting shares for the first time. In 1996, there were approximately 57,000 voting members in SWP, compared to an active membership of 64,348 in 1989. The decline in membership is partially a consequence of the new corporate ownership, as well as the ongoing concentration of agrarian production.

The dramatic differences in the figures illustrate vastly improved market conditions for grain sales worldwide, and the capacity of Saskatchewan producers and SWP to meet that demand.

Assets totalled \$1.2 billion in 1996 compared to \$0.67 billion in 1989. Adjusted for inflation, this represents a real increase of 47.3 percent in the company's assets. Liabilities have also increased substantially since 1989, rising from \$383 million to \$735 million. As a result, the debt-to-asset ratio has increased from 0.57 to 0.61. Shareholder equity has increased as well, but only a portion of this was held by the voting shareholders (members). Members' equity was calculated at \$282 million in 1996,<sup>12</sup> compared to \$444 million in 1995 and \$330 million in 1989. Although the figures for members' equity were based on a conservative estimate of the portion of Class B shares held by producers, the decline is reflective of the decision by a number of members to withdraw their equity from SWP at the time of its conversion to a publicly traded company. Revenues in 1996 were \$4.13 billion compared to \$1.59 billion in 1989, while the net surplus during the same period was \$48 million as compared to \$5 million. The dramatic differences in the revenue and surplus figures illustrate vastly improved market conditions for grain sales worldwide, and the capacity of Saskatchewan producers and SWP to meet that demand.

The SWP provided 2,500 full-time equivalent (FTE) positions in 1996, a drop of 16.7 percent from 1989. The wage bill was \$100 million in 1996 compared to \$88 million in 1989. Adjusting for the reduced size of the workforce, average salaries increased from \$29,309 to \$40,000. And taking into account the change in the CPI, this represented a 12.7 percent increase in the average salary.

### **Saskatchewan Dairy Producers**

The origins of Saskatchewan Dairy Producers can be traced to the establishment of a number of creameries during the 1890s. Dairy Producers was established in 1972 as the

result of a merger between two co-operatives—Saskatchewan Co-operative Creameries Association and the Dairy Pool.<sup>13</sup> After that amalgamation, Dairy Producers handled the majority of Saskatchewan milk and cream shipments. In 1989, Dairy Producers owned 11 processing branches and 13 sales depots in various centres throughout the province. Milk and milk products made up the largest proportion of sales; other products included poultry, eggs, and juice.

In 1996, Dairy Producers amalgamated with Dairyworld Foods, now the largest food company in western Canada, with annual milk production of more than 1 billion litres and sales approaching \$1.2 billion.<sup>14</sup> The merger has allowed Dairyworld to position itself as a major national and international competitor. The rationalization occurring within the processing portion of the milk industry is evident by the changes in the financial statistics collected in 1996 compared to those from 1989 (see table on page 90). In addition, active and total membership in the co-operative have both declined since 1989, indicating that rationalization is also occurring within the production side of the industry. In 1989, total membership was 4,572, with an active membership of 1,601 producers. By 1996, total membership had dwindled to about 2,000, and active membership was down to 512 producers.

In 1996, Dairy Producers amalgamated with Dairyworld Foods, now the largest food company in western Canada. The merger has allowed Dairyworld to position itself as a major national and international competitor.

Saskatchewan assets in 1996 were calculated at \$73 million compared to \$101 million in 1989. The decline is due in large part to the process of amalgamation and the elimination of 8 out of 12 facilities formerly operated by Dairy Producers within the province. Liabilities declined only slightly, falling from \$50 million in 1989 to \$44 million in 1996, resulting in an increase in the debt-to-asset ratio from 0.50 to 0.60. Members' equity within Saskatchewan has also fallen. In 1996, it was reported as \$29 million, which was down substantially from the \$51 million reported in 1989. Revenues in 1996 were \$160 million compared to \$181 million in 1989, and the surplus in 1996 was also lower, at \$3 million compared to \$4.7 million in 1989.

Reflective of the rationalization occurring within the new co-operative entity, the

number of employees in 1996 was 516 compared to 683 in 1989. The wage bill in 1996 was also lower, at \$22.6 million. A comparison of average salaries, however, showed wages of \$36,649 in 1989 compared to \$43,882 in 1996. Adjusted for the CPI, the average wage was virtually unchanged, declining by just over 1 percent. Capital investment saw the most dramatic decline of all the financial indices that were compared, falling by 98 percent, from \$34 million in 1989 to \$529,000 in 1996, as Dairyworld Foods divested itself of redundant assets.

### **Other Agricultural Co-operatives**

The 13 co-operatives included in this category represent a wide variety of enterprises, including wild rice producers, organic growers, a greenhouse, Christmas tree growers, pheasant and rabbit producers, as well as livestock and sheep marketers. While the number of co-operatives is unchanged from 1989, total membership has declined from 1,390 to 773. Incomplete data collection makes comparisons difficult, but for the 7 reporting their financial information in 1996, the average debt-to-asset ratio declined from 0.35 to 0.29. At the same time, the number of employees has increased from 42 in 1989 (4 full time and 38 part time) to 50 in 1996 (15 full time and 35 part time).

### **Community Development Co-operatives**

**T**he Small Business Loans Associations (SBLAs) and Rural Development Corporations (RDCs), which comprise the two types of co-operatives found within the community development sector, were first initiated in the 1980s to address Saskatchewan's dependence on agricultural exports.<sup>15</sup>

The number of community development co-operatives increased from 41 in 1989 to 165 by 1996. Comparison of the financial statistics, however, produced conflicting trends (Table 8). Although assets kept pace with growth in the number of co-operatives, revenues declined, and an overall loss of \$35,000 was recorded in 1996, compared to a surplus of

\$135,000 in 1989. The number of employees almost doubled, but wages did not increase as significantly. A closer examination revealed that the vast majority of the jobs in 1996 were part time (67 of 69), while one-quarter (9 of 39) were full time in 1989.

The financial statistics collected for the two types of community development co-operatives for 1996 are presented in Table 9 (see overleaf). The mixed results found when comparing 1989 and 1996 data can be explained by the divergence in the evolution of the two organizations since 1989.

**Table 8:** Comparison of community development co-operatives, 1989 and 1996

Descriptor	1989 (x 1000)*	1996 (x 1000)*	% Difference (unadjusted)	% Difference (adjusted for inflation)
Assets	\$1,047	\$4,258	306.7	235.9
Liabilities	\$404	\$3,180	687.1	550.2
Average debt/asset	0.49	0.77	57.1	na
Members' equity	\$642	\$1,076	67.6	38.4
Revenue	\$749	\$527	-29.6	-41.9
Surplus	\$135	-\$35	-125.9	-121.4
Employees	39	69	76.9	na
Wage bill	\$126	\$158	25.4	3.6
Capital investment	\$1	\$0	-100.0	-100.0

\* Except for debt/asset and number of employees

### Small Business Loans Associations

This program, administered by Saskatchewan Economic and Co-operative Development, enables individuals or businesses to form Small Business Loans Associations (SBLAs), which raise investment capital to establish new businesses in their communities. The number of SBLAs has grown rapidly since the program began in May 1989. During the first few months, numbers were quite small (27), reflecting the novelty of this type of enterprise, but by 1990, the number had grown to 89, and in 1996, the number of active co-operative SBLAs stood at 147.

tables 9, 12, and 14 here



Assets held by SBLA co-operatives rose from \$107,000 in 1989 to \$3.2 million in 1996. While liabilities have also increased, the average debt-to-asset ratio fell slightly, from 0.83 to 0.81. Compared to 1989, when there were no positions recorded, SBLAs employed 59 part-time workers in 1996, primarily in bookkeeping and administrative positions. The average wage bill of just over \$1,000 per employee reflects the limited roles required.

In 1990, 70 percent of new SBLAs were organized as co-operatives. They secured 461 clients and approved loans worth \$2 million. Spin-off benefits from SBLA activity included the creation of 194 new jobs and the maintenance of 141 of them.<sup>16</sup> By 1996, the proportion of SBLAs organized as co-operatives had fallen to 60 percent, despite nearly doubling their numbers (Table 10). In 1990, the majority of jobs were created and maintained by private SBLAs; but by 1996, the co-operatives accounted for a share more proportional to their share of loans and number of SBLAs. The total loan amounts approved for co-operatives in 1996 was \$1.75 million, down from the \$2.04 million approved in the first ten months of 1990.

**Table 10:** Comparison of co-operative and private SBLAs, 1996

Type	Number of SBLAs	Number of Loans	Jobs Created	Jobs Maintained	Amount Approved (x \$1,000)
Co-operatives	171*	372	390	488	1,754
Private	114	224	262	201	1,041
Total	285	596	652	689	2,795

\* This number is different from that recorded in both the summary and comparative tables due to different sources using different criteria for reporting.  
Source: Saskatchewan Economic and Co-operative Development

The successful introduction of the co-operative SBLA appears to be concentrated more in rural areas, where there may be greater opportunity to build on established relationships. The high debt-to-asset ratio is indicative of the primary purpose of the SBLA—to provide government-sponsored funding as loans to its members. Opportunities for the

SBLAs to build equity are limited, as the equity is derived from loan interest and administration fees, which are kept low to provide more immediate benefit to the SBLA members, who are also the co-operatives' customers.

### **Rural Development Corporations**

The role of Rural Development Corporations has been to assist member organizations with the identification, promotion, and implementation of development projects in rural areas.<sup>17</sup> In 1989, more than 100 communities and municipalities belonged to 14 co-operative RDCs. By 1990, the number of co-operative RDCs had increased to 19, accounting for 65 percent of the 29 RDCs in the province.

While there were more co-operative RDCs in 1996 as compared to 1989, there was no net increase in the number since 1990. Assets were relatively unchanged from 1989, but liabilities increased to the point that total members' equity fell from \$632,000 in 1989 to \$588,787 in 1996. Revenues also experienced a decline—from \$742,000 to \$233,000—and a loss of \$27,000 was recorded for 1996. In addition, the number of salaried positions fell from 39 to 10, despite the increased number of RDCs, and total wages paid out fell from \$126,000 in 1989 to \$98,000 in 1996.

The lack of growth and reduced revenues among the RDCs can be explained by their declining role in economic development. The RDCs are in the process of being replaced by Regional Economic Development Authorities (REDAs), which are voluntary, community-owned organizations designed to assist regional development. In 1996, there were 22 operating in the province as nonprofit organizations. Although the REDAs generally function as co-operatives, maintaining the principle of one member one vote, a formal co-operative structure has not been possible. Organizational characteristics, including the fact that directors are appointed rather than elected from the membership, preclude the REDAs from conforming with Department of Justice requirements for co-operative incorporation.

Many RDCs have served as the mechanism by which the REDAs have been estab-

lished, the final act of the RDC being to transfer its resources to the REDA prior to dissolving the enterprise. It can be expected that most, if not all, RDCs, will eventually disappear as they give way to the REDAs. Some will remain in a limited capacity, while others will continue in their present form, merely using the REDA as an instrument to co-ordinate activities between member RDCs.

### Recreational Co-operatives

Recreational co-operatives have been established in rural Saskatchewan since the early 1920s.<sup>18</sup> Residents of the province are presently active in a wide variety of recreational co-operatives including community halls, curling rinks and recreation centres, television services, golfcourses, and community theatres. Community-based recreational facilities, in addition to providing valuable services, also play an essential role in fostering a sense of community spirit, which is a critical component of successful community development. Recreational co-operatives therefore provide indirect support for the kinds of community-development projects described in the previous section.

**Table 11:** Comparison of recreational co-operatives, 1989 and 1996.

Descriptor	1989 (x 1000)*	1996 (x 1000)*	% Difference (unadjusted)	% Difference (adjusted for inflation)
Assets	\$34,534	\$42,058	21.8	6.0
Liabilities	\$15,674	\$12,924	-17.5	-31.9
Average debt/asset	0.06	0.06	0.0	na
Members' equity	\$18,860	\$29,134	54.5	27.6
Revenue	\$16,478	\$28,229	71.3	41.5
Surplus	\$1,933	\$1,523	-21.2	-34.9
Employees	327	343	4.9	na
Wage bill	\$2,643	\$5,264	99.2	64.5
Capital investment	\$7,049	\$5,453	-22.6	-36.1

\* Except for debt/asset and number of employees

A number of community-based recreational facilities are owned and controlled on a co-operative basis, but are not registered as such; hence, figures for this category are underestimated. In addition, the financial data do not reflect the value of donated materials and volunteer labour that have been invested in establishing and maintaining these facilities.

Unlike those co-operative sectors already discussed, the recreational co-operatives experienced a substantial (17.7 percent) decline in their numbers, from 266 in 1989 to 219 in 1996. Active membership increased from 17,459 in 1989 to 20,805 in 1996, but total membership fell from 27,119 to 21,427.

Total assets reported by this sector have increased somewhat despite the decrease in numbers, and liabilities have declined substantially (Table 11). The average debt-to-asset ratio remains low and unchanged from 1989, suggesting good financial health for those co-operatives still active. The large increase in revenues appears to be offset by higher expenses, with the 1996 surplus much lower (21 percent) than that reported in 1989. Employment increased between 1989 and 1996, with a substantially larger wage bill reported, while capital investment fell from \$7.05 million in 1989 to \$5.45 million in 1996. The 1996 financial statistics for each type of recreational co-operative are found in Table 12 (see page 58).

### **Community Halls**

Since 1989, there has been a marked decline in the number of community halls operating as co-operatives. Compared to 1989, when there were 145 of them, there are now only 109 registered. Despite the 25 percent decline, however, the total active membership over the period increased from 6,113 to 6,955, although total registered membership fell from 11,071 to 7,459 (a decrease of 32.6 percent), suggesting either a change in the recording of some memberships or possibly the elimination of inactive members from many co-operative rolls. The financial statistics suggest a shrinking, rather than a growing, membership.

Considering the decline in the number of co-operatives, it is interesting to note that

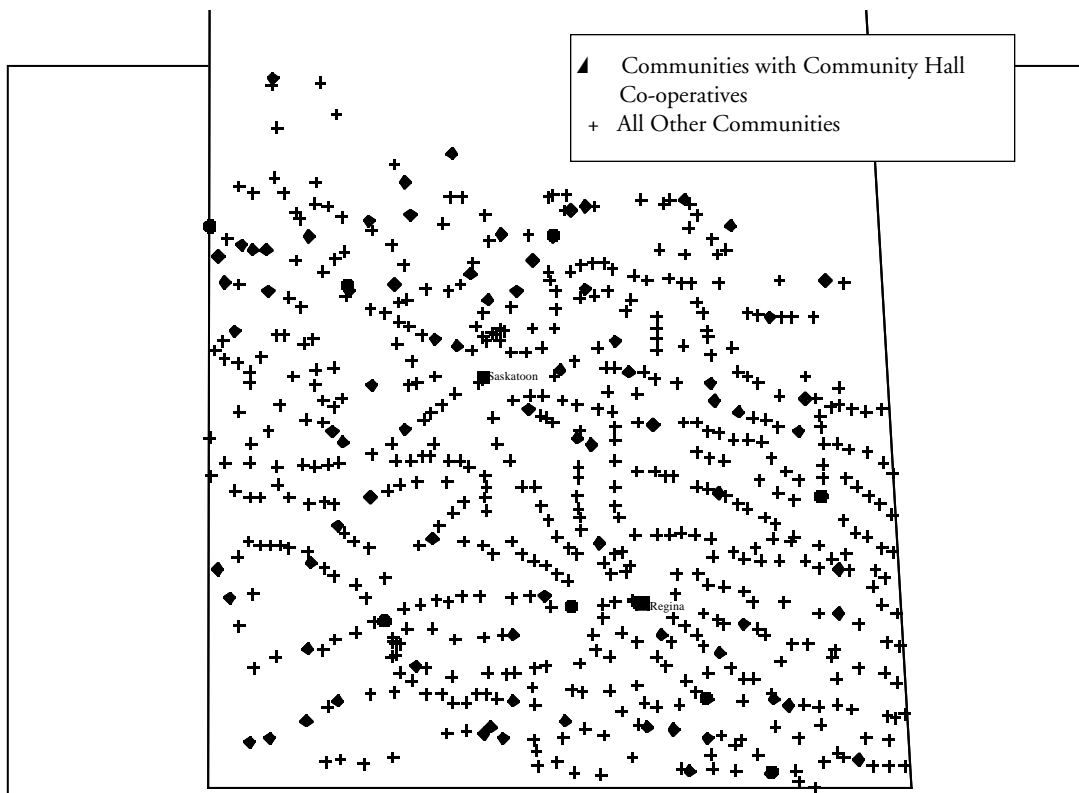


Figure 1: Location of community hall co-operatives in Saskatchewan, 1996  
Source: Saskatchewan Department of Justice, *Annual Returns*

assets and members' equity remained fairly constant over the period. Declining total revenue was a feature of the community hall co-operatives, with average individual co-operative revenues increasing by only 16.7 percent over the 7-year period (less than the CPI). As in 1989, the level of debt among community halls was extremely low in 1996, but this may merely reflect a lack of capital investment, which was \$26,663 in 1996 as compared to \$79,000 in 1989.

### Curling and Recreational Centres

Curling and recreational facilities serve a wide variety of needs, providing gymnasiums, meeting halls, hockey arenas, swimming pools, concession stands, and many other services. Unlike the community halls, the number of curling rinks and recreational centres,

and their corresponding membership, held relatively steady between 1989 and 1996. The number of co-ops fell from 101 to 95, and total membership fell from 12,432 to 11,466.

Assets were slightly higher in 1996 compared to 1989 (unadjusted), although there was a 9 percent decline in revenues. These organizations continue to enjoy a low debt-to-asset ratio, and members' equity increased from \$8.3 million in 1989 to \$9.6 million in 1996.

The level of employment provided by these co-operatives was virtually unchanged, with 12 individuals employed full time and 108 part time in 1996 (for a total of 120), compared to 11 full time and 106 part time in 1989 (for a total of 117). The total 1989 wage bill was \$528,000 compared to \$673,000 in 1996, an increase of 5 percent after adjusting for the CPI. Capital investment was markedly down in 1996, at \$88,000 compared to \$639,000 in 1989.

## **Television**

People are co-operating in Saskatchewan to provide themselves with cable television services. The number of television co-operatives declined by 2 from 1989, leaving a total of 5 in 1996. Despite their small number, however, television co-operatives are responsible for a considerable amount of economic activity. The number of employees (including 40 contract positions) was 174 in 1996 compared to 117 in 1989, with an average salary of \$25,701 in 1996 compared to \$16,000 in 1989. And although capital investment was lower—\$5.3 million in 1996 compared to \$6.3 million in 1989—there was a marked increase in assets, with more than \$27 million in 1996 compared to less than \$20 million in the earlier study.

## **Other Recreation**

In 1996, there were 10 active co-operatives in this sector, including golf, community theatre, museums, and waterslides. The number of co-operatives categorized as “other” has declined from 13 in 1989, with a corresponding decline in total membership. More

striking is the decline in the number of individuals employed. In 1989, these co-operatives employed 42 people (13 full time and 29 part time). In 1996, this number had fallen to 15 and all positions were part time. Most of this lost employment can be attributed to two co-operatives that no longer reported in 1996. Predictably, the total wage bill declined as well, decreasing from \$180,782 to \$56,252. These co-operatives appear to be financially healthy, with most reporting surpluses in 1996 and very low levels of debt in relation to assets.

## Child-Care and Preschool Co-operatives

The trend toward more women working outside the home has heightened the need for adequate and affordable child-care services. Co-operatives can play an important role in this regard. While private firms may be inclined to enhance profitability by charging higher prices, member-owned child-care and educational facilities are more likely to place emphasis on providing more spaces at prices that members can afford, which suggests an opportunity for this type of co-operative to become more common. Compared to the 120 co-operatives in this sector in 1989, however, the 11 percent expansion to 133 in 1996 appears somewhat modest. The size of the membership has not changed to any great extent, although active membership actually declined from 9,975 to 8,895.

Assets increased from \$3.8 million in 1989 to \$5.2 million in 1996 (Table 13a). Adjusted for the CPI, this represents a real increase of 14.3 percent. Declining levels of debt and the low average debt-to-asset ratio indicated good financial health for these co-operatives. While both the total revenue and surplus for the sector exceeded figures reported in 1989, the increase was less than the rate of growth over this period. This may suggest that co-operatives are keeping fees down as a benefit to the membership.

Despite the continued financial health of this sector, one stakeholder group does not appear to have benefited to the extent one might expect. While capital investment and the size of the labour force has kept pace with the growth in the number of co-operatives, real

wages appear to be declining. Adjusted for the CPI, wages have fallen 3 percent since 1989, which may be explained by the increased percentage of part-time staff (from 34.4 percent to 41.8 percent) and an actual decline in the number of full-time employees from 310 to 302. The 1996 financial statistics for both the child-care and preschool co-operatives appear in Table 14 (see page 58).

**Table 13a:** Comparison of child-care and preschool co-operatives, 1989 and 1996

Descriptor	1989 (x 1000)*	1996 (x 1000)*	% Difference (unadjusted)	% Difference (adjusted for inflation)
Assets	\$3,788	\$5,243	38.4	14.3
Liabilities	\$1,282	\$1,365	6.5	-12.1
Average debt/asset	0.14	0.13	-7.1	na
Members' equity	\$2,506	\$3,881	54.9	27.9
Revenue	\$8,119	\$10,205	25.7	3.8
Surplus	\$230	\$284	23.0	1.6
Employees	473	519	9.7	na
Wage bill	\$6,021	\$7,075	17.5	-3.0
Capital investment	\$406	\$542	33.3	10.0

\* Except for debt/asset and number of employees

### Child-Care Centres

The number of child-care centres reporting to the Department of Justice increased from 45 in 1989 to 54 in 1996. Accompanying this increase was a corresponding increase in total assets, members' equity, revenues, and surplus. A 5 percent decline in the wage bill (adjusted for the CPI) may reflect the greater reliance on part-time employees noted earlier. In 1989, there were 279 full-time and 88 part-time positions. Despite the addition of 9 more co-operatives, full-time positions declined to 269, while part-time positions increased to 118. This may be due to increased competition from the nonprofit child-care centres, which have doubled in number since 1989. As further evidence of restrictions on wage costs, the wage bill in 1989 was equivalent to 75.6 percent of revenues, whereas in 1996, it was down to 70.8 percent.



Table 13b provides a comparison among co-operative, nonprofit, and private child-care facilities in 1996. Unlike 1989, when more than half of the 94 child-care facilities were organized as co-operatives, only 48 of 131 centres (37 percent) registered with Social Services in 1996 were co-operatives. While the number of co-operatives has remained relatively unchanged, the number of nonprofit child-care centres, as mentioned above, has nearly doubled, suggesting that while the demand for these services is growing, the conditions necessary to support the use of a co-operative model may be lacking.

**Table 13b:** Comparison of co-op, nonprofit, and private child-care facilities, 1996

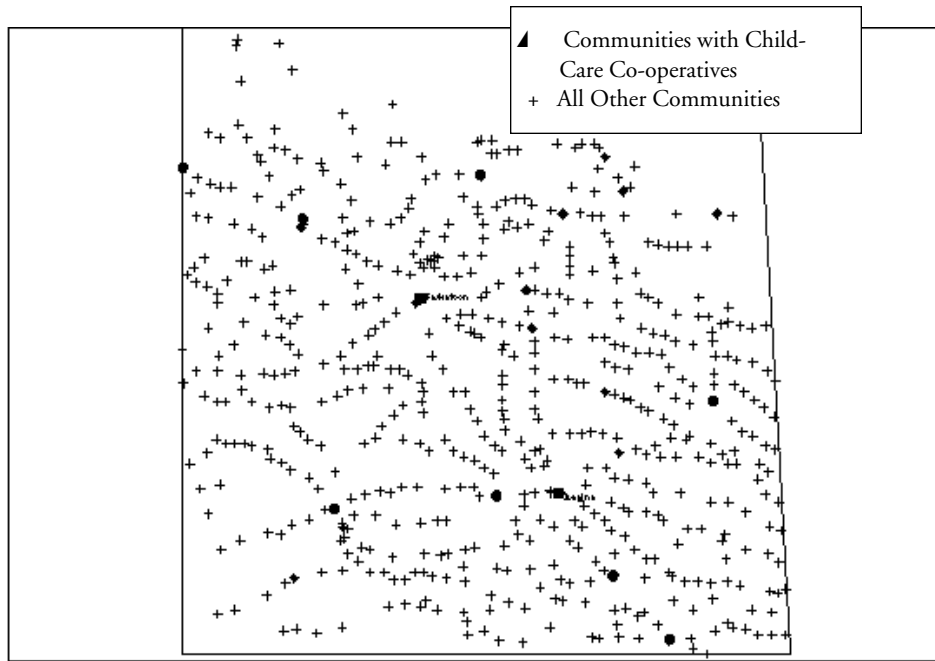
Type	Facilities	Spaces	Operating Grants (x \$1,000)	Wage Grants (x \$1,000)
Co-operatives*	48	2,082	968	409
Nonprofit**	81	2,773	755	578
Private	2	22	na	na
Total	131	4,877	1,723	987

Source: Saskatchewan Social Services  
 \* The number of child-care co-operatives listed here does not match the number reporting to the Department of Justice in 1996 because of different sources of information.  
 \*\* Eight of the nonprofit corporations receive no funding from Social Services.

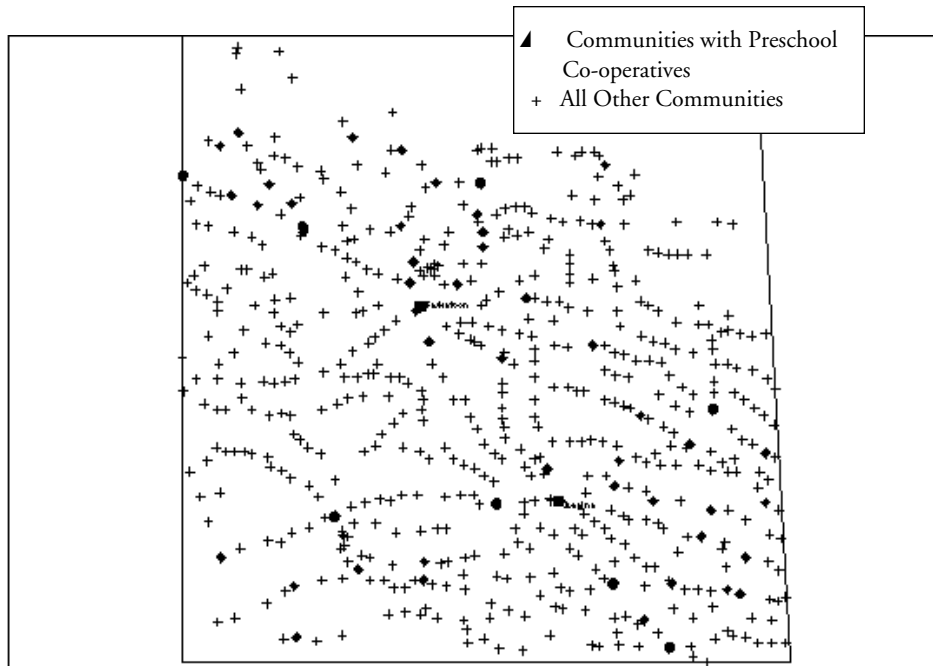
### Preschools<sup>19</sup>

In contrast to child-care facilities, preschools do not receive a high level of government funding. As a result, they tend to rely more heavily on donations and fundraising drives to bolster revenues. Preschools recorded proportionately less financial activity than the child-care facilities. This is probably a reflection of their smaller size and a greater reliance on volunteer labour.

There were 79 active preschools in 1996 compared to 75 in 1989. While the membership declined over the period from 6,738 to 5,837, in every other respect these co-operatives appeared to be in good financial health. Assets have almost doubled, from \$365,000 in 1989 to \$681,757 in 1996. The average debt-to-asset ratio remains very low, at 0.04, and although there was a significant increase in capital investment—\$156,362 in 1996 compared to



**Figure 2:** Location of child-care co-operatives in Saskatchewan, 1996  
Source: Saskatchewan Department of Justice, *Annual Returns*



**Figure 3:** Location of preschool co-operatives in Saskatchewan, 1996  
Source: Saskatchewan Department of Justice, *Annual Returns*

\$19,000 in 1989—most of this can be attributed to a major expansion carried out by one preschool co-operative.

Total revenues of \$1.3 million in 1996 compares favourably with \$0.9 million in 1989. The total surplus for 1996, however, fell to \$43,000 from the \$68,000 reported in 1989. At the same time, the number of employees, both full time and part time, increased by 24.5 percent, from 106 positions in 1989 to 132 in 1996. The wage bill (adjusted for the CPI) increased 17.7 percent, from \$546,000 to \$778,000.

## Retail and Wholesale Co-operatives

Consumer co-operative activity first appeared on the prairies at the turn of the century. Agricultural producers joined together to form buying clubs in order to make bulk purchases of farm supplies and basic commodities.<sup>20</sup> These initial forms of co-operative activity have grown into an extensive retailing system. Virtually all economic activity in this sector was carried out by Federated Co-operatives Limited (FCL) and the affiliated retail co-operatives. For this reason, an aggregate comparison of the sector between 1989 and 1996 will not be carried out. Comparisons will be made instead based on the three co-operative designations within the sector: FCL, Affiliated Retail, and Other Retail co-operatives. The 1996 financial statistics for FCL, Affiliated Retail, and Other Retail are displayed in Table 15 (see overleaf).

### Federated Co-operatives Limited and Affiliated Retail

According to Saskatchewan Business magazine, Federated Co-operatives Limited is Saskatchewan's second largest corporation in terms of gross sales. Experiencing a pattern of steady growth since the 1989 study, FCL reported record sales of \$2.2 billion and savings of \$133 million for the entire Co-operative Retailing System in 1996.<sup>21</sup> Divisions within FCL are representative of the types of retail co-operatives it serves, including retail operations, consumer products, agricultural products, distribution, forest products, refining, and environmental and technical services. FCL is a transprovincial co-operative, but the

tables 15 and 16 here

figures reported in this study reflect only that portion of the enterprise deemed to be owned or operating within Saskatchewan. As well, \$163 million of FCL members' equity represents assets of the affiliated retail co-operatives within Saskatchewan.<sup>22</sup>

In 1996, FCL assets in Saskatchewan were estimated to be \$442 million, or 50 percent of the organization's total assets of \$885 million.<sup>23</sup> With Saskatchewan-based liabilities estimated at \$144 million, the debt-to-asset ratio in 1996 was 0.32, only slightly higher than the value (0.29) calculated in 1989. Members' equity, after subtracting equity also reported as assets by individual retail affiliates, was \$135 million in 1996.

Revenues and surpluses generated from sales to Saskatchewan retail co-operatives were \$863 million and \$61 million respectively. In 1996, FCL employed 1,148 people compared to 1,183 in 1989, a 3 percent decline. The total wage bill in 1996 was \$50 million compared to \$44.5 million in 1989, a decline of 7 percent when adjusted for the Saskatchewan CPI. Over the same period, capital investment increased from less than \$14.5 million to more than \$17 million. When adjusted for the CPI, however, capital investment was down slightly from 1989.

The 169 retail co-operatives affiliated through FCL delivered a wide variety of goods and services throughout the province, with particular concentration in small rural communities.<sup>24</sup> Merchandise provided by the retail co-operatives included groceries, general merchandise, petroleum products, feed, and crop supplies.

Although the number of affiliated retails and active membership experienced a slight decline (4 percent and 2 percent respectively), assets increased by 34 percent (unadjusted) to \$474 million in 1996. Combined with a 44 percent decline in liabilities, this resulted in a 74 percent increase in members' equity, recorded at \$406 million in 1996 compared to \$233 million in 1989.

The affiliated retails recorded revenues just under \$1 billion, which represented 13.1 percent of all retail sales in Saskatchewan in 1996,<sup>25</sup> down slightly from 13.6 percent in 1989. A surplus of nearly \$80 million in 1996 represented an increase of 87.9 percent compared to 1989 (adjusted for the CPI). The overall wage bill appeared to hold steady during

the period. An increase of 14 percent in total wages paid combined with an 8 percent decline in the number of employees resulted in an average salary of \$16,076, a real increase of 2.4 percent compared to 1989.

### Other Retail Co-operatives

Including such diverse enterprises as a bookstore, laundromat, restaurants, and buying clubs, these 22 co-operatives held assets in excess of \$80,000 and members' equity in excess of \$36,000 for their 1,400 members. Revenues totalled \$103,538 in 1996, with a small loss reported. Reflecting the small size of most of these miscellaneous retail co-operatives, only 5 part-time employees were identified, with a total wage bill of \$11,382. Capital investment was practically nonexistent. The lack of financial data for nearly half the co-operatives in 1996 made comparisons difficult. Based on those who did report, however, the average debt-to-asset ratio was 0.33 in 1996 compared to 0.53 in 1989.

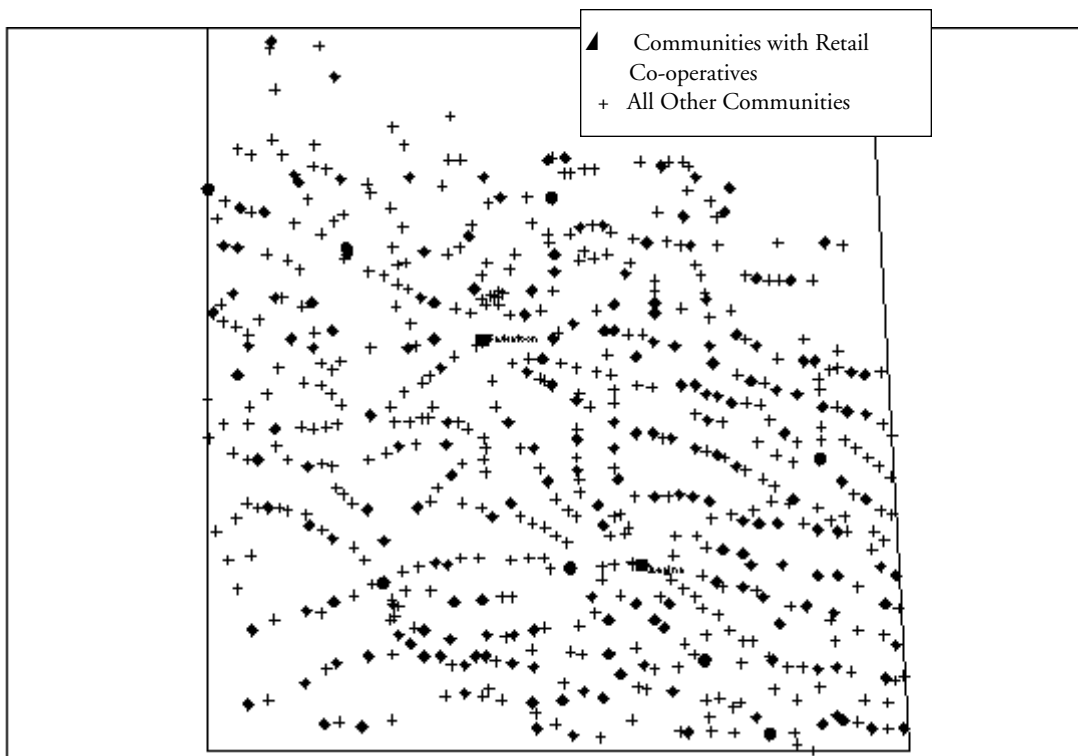


Figure 4: Location of retail co-operatives in Saskatchewan, 1996  
 Source: Saskatchewan Department of Justice, *Annual Returns*

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## Financial Co-operatives<sup>26</sup>

A lack of financial services on the prairies during the depression led to the establishment of the co-operative financial sector. During the 1930s, the number of bank branches in Saskatchewan declined by 40 percent. The banks were also accused of setting high interest rates and operating conservative loan policies, factors that led to a determination to develop locally based and locally responsive financial institutions.<sup>27</sup>

The financial co-operatives reported in this study include the credit unions and Credit Union Central, the Co-operative Trust Company of Canada, The Co-operators, and Co-operative Hail Insurance. The 1996 financial statistics for these co-operatives are contained in Table 16 (see page 70). Due to the fact that there is only one “other financial co-operative” in 1996, and that it was very small, it has been included in Table 16 for completeness, but will not be discussed further.

Active membership for the financial co-operatives (excluding corporate and organizational memberships) was 569,849 in 1996 compared to 583,559 in 1989, a decline of 2.3 percent. Assets in 1996 were \$6.99 billion, with liabilities accounting for \$6.48 billion. The average debt-to-asset ratio was 0.94 and members’ equity totalled \$491 million.

### The Credit Union System and Credit Union Central

The first credit union was organized in Lafleche in 1937, consisting of 12 members and \$52.50 in assets.<sup>28</sup> By 1989, the credit union system in Saskatchewan had grown to include 351 credit union outlets and almost \$5 billion in assets. Local ownership and control combined with the establishment of a large, province-wide, central organization allowed members to take advantage of the efficiencies provided by economies of scale while maintaining responsiveness to local needs. Firms that were locally owned and controlled could continue to provide services in communities where it was no longer profitable for a private firm to do so. Local ownership also meant that the money deposited locally was more likely to remain in the community.

Originally established around a rural population with limited mobility, the credit

**Table 17:** Distribution of credit unions and selected chartered banks in Saskatchewan, 1996

	Functional Categories*					
	Minimum Convenience	Full Convenience	Partial Shopping	Complete Shopping	Secondary Wholesale	Primary Wholesale
Number of Communities	500	59	22	7	8	2
CIBC	17	21	8	4	11	16
Royal Bank	13	18	11	7	10	18
Credit Unions	185	53	22	7	17	32

\*Based on classifications in Jack Stabler and Rose Olfert, *The Changing Role of Rural Communities in an Urbanizing World: Saskatchewan—An Update to 1995* (Canadian Plains Research Center, University of Regina, 1996). These communities were chosen based on a certain set of criteria. They had to be south of the census 18 divisional border (as drawn in 1981), have a population of more than 50 in 1961, and be included in the 1981 census. There are currently fourteen additional communities in Saskatchewan that have credit unions or credit union branches, which do not meet the criteria laid out by Olfert and Stabler. The CIBC also has one branch in a community not included in the above functional categories.

unions are now undergoing a consolidation process common to many institutions within the province. Trends toward greater urbanization and reduced economic activity in the smaller towns and villages have heightened the need for the reinvestment of savings back into the community. And the globalization of financial services finds the credit unions increasingly in competition with the traditional banking system, as well as other financial institutions.<sup>29</sup>

In 1996, 340 credit union locations representing 163 credit unions reported assets totalling \$6.1 billion compared to just under \$5 billion in 1989. Over the same period, liabilities increased from \$4.8 billion to more than \$5.7 billion, and the average debt-to-asset ratio declined somewhat, from 0.96 to 0.94. Members' equity grew from \$194\* million to \$361 million, an increase of 53 percent after adjusting for the CPI.

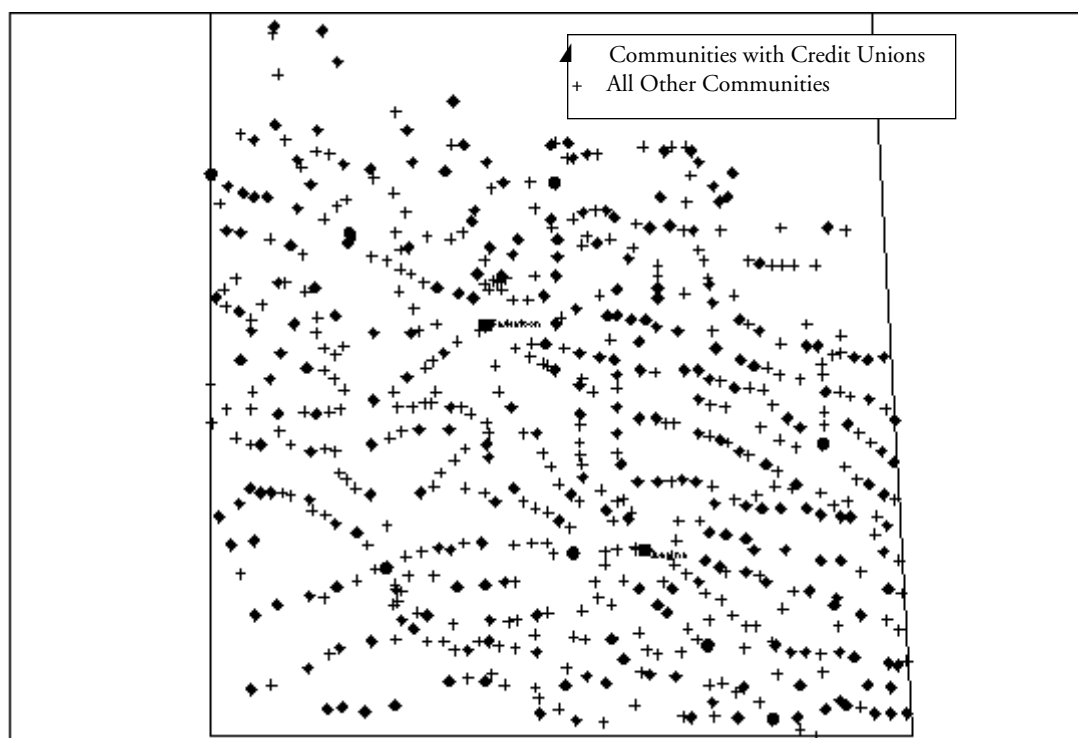
In 1996, credit union revenues were \$480 million, with a surplus of \$40 million. The system employed 2,556 individuals and reported a wage bill of more than \$92 million. Capital investment was calculated at \$11.2 million compared to an estimated \$8.9 million in 1989.<sup>30</sup>

\* This figure differs from the 1989 report due to different methods of making the original calculation.



The credit unions own Credit Union Central (CUC), which serves the system by providing financial services, information technology support, and consulting services. As part of its efforts to support the credit unions, CUC has developed a number of alliances and partnerships. Insurance products for credit union members are provided through the Co-operators Group (reported below) and CUMIS Insurance Company. Financial planning and trust and estate services are provided through MemberCARE Financial Services and the Co-operative Trust Company of Canada. And a variety of products and services are offered through a number of other joint ventures, such as CU Electronic Transaction Services (CUETS) and Credit Union Payment Services (CUPS).

CUC assets (excluding Co-operative Trust) in 1996 were \$1.6 billion, with liabilities of \$1.5 billion. The debt-to-asset ratio was 0.95 and members' equity was \$85.5 million.



**Figure 5:** Location of credit unions in Saskatchewan, 1996

Source: Saskatchewan Department of Justice, *Annual Returns*

Revenues were \$125.7 million, with a surplus of \$4 million. CUC employed approximately 360 people, with a total wage bill of \$20.5 million. Capital investment was \$3.7 million in 1996, relatively unchanged from 1989 after adjusting for the CPI.

### **Co-operative Trust Company of Canada**

Substantial growth in the co-operative sector during the 1940s generated a demand for long-term loans. This need could not be adequately met by the small localized credit unions that existed at the time, and Co-operative Trust was established in 1952 to provide individuals with trust services and to extend long-term loans to co-operative organizations. In 1967, Co-operative Trust expanded beyond the boundaries of Saskatchewan to become a national firm. Today, even though Co-operative Trust is governed by a board representing credit union systems across Canada, CUC still holds 51 percent of the voting shares.<sup>31</sup>

National membership was 148 in 1996 compared to 190 in 1989. Prorating the 1996 annual report at 51 percent, assets attributable to Saskatchewan were \$487.2 million, liabilities were \$463.7 million, and the debt-to-asset ratio calculated as 0.95. Members' equity was determined to be \$23.6 million, revenues were \$44 million, and the surplus, \$2.2 million. Co-operative Trust paid 180 employees a total wage bill of \$9.3 million in 1996, and capital investment was calculated at \$580,000.

### **The Co-operators**

Co-operators Group Limited is a national firm that is owned by 30 co-operatives across Canada. In Saskatchewan, ownership consists of Federated Co-operatives, Credit Union Central, and Saskatchewan Wheat Pool.<sup>32</sup> Co-operators Group is the holding company for the following wholly owned companies: Co-operators Life Insurance, Co-operators General Insurance, COSECO Insurance Company, The Sovereign General Insurance Company, Co-operators Financial Services Limited, Co-operators Investment Counseling, Co-operators Development Corporation, Federated Agencies Limited, and HB Group Insurance Management Limited. Co-operators General Insurance and Co-

operators Life Insurance accounted for 87 percent of revenues in 1996. Co-operators Data Services Limited (CDSL), previously owned by The Co-operators, was recently restructured and as of 1996 functioned as an affiliate of The Co-operators.

In 1996, it was calculated that The Co-operators Group owned assets worth \$170 million in Saskatchewan, with liabilities assessed at \$145 million. Revenue from Saskatchewan was \$65 million (investment income not included), with a surplus of \$3 million. Co-operators employed 500 people, with the majority working for Co-operators Life Insurance, which is based in the province. The wage bill for Saskatchewan was \$25 million and capital investment was determined to be zero.

### Co-operative Hail Insurance

First organized in 1947 by a group of farmers in the Edenwold district of Saskatchewan, Co-operative Hail Insurance, based in Regina, boasts a total membership of nearly 88,000 individuals and 18,599 policy holders in Saskatchewan and Manitoba. Statistics reported here reflect Saskatchewan's share of this economic activity. Saskatchewan farmers account for more than 74 percent of the co-operative's membership, with 64,884 members in 1996. There were 14,566 policies written in Saskatchewan in 1996, which represented revenues of more than \$26 million.

Co-operative Hail Insurance boasts a total membership of nearly 88,000 individuals and 18,599 policy holders in Saskatchewan and Manitoba. The company wrote 14,566 policies in Saskatchewan in 1996, which represented revenues of more than \$26 million.

Assets in 1996 were calculated at \$25.6 million. With liabilities of \$4 million, the co-operative enjoyed a debt-to-asset ratio of 0.16. Members' equity was \$21.4 million. Total revenues for Saskatchewan in 1996 were \$26.4 million, with a surplus of \$1.4 million. Due to the fact that the head office is located in Regina, all staff and wage costs were assumed to rest wholly in this province. Compared to 1989, the reported number of full-time staff positions had fallen from 10 to 7, although the wage bill increased from \$254,000 in 1989 to \$337,000 in wages and benefits in 1996. It should be noted that nearly 40 percent of the total number of employees in 1989 were part time.

## Community Service Co-operatives

Community service co-operatives meet a variety of needs, including health care, fire protection, funeral services, water systems, and adult education, to highlight a few. There were 47 community service co-operatives in 1996, with a total membership of more than 30,500. This represented a 20.5 percent growth in the number of co-operatives since 1989 and an increase of 43.3 percent in active membership, a large part of which can be attributed to the method one health clinic used to record its membership. Despite the growth of this sector, one type of service co-op has disappeared since 1989. Department of Justice records reported 5 bus service co-operatives in 1989, but none were active in 1996.

Total assets for the community service sector in 1996 were \$6.1 million compared to \$4.9 million in 1989, an increase of 2.2 percent after adjusting for the CPI (see Table 18). Liabilities within the sector fell substantially, from \$2.7 million in 1989 to \$1.8 million in 1996, resulting in a sharp decrease in the average debt-to-asset ratio, from 0.27 to 0.13. Members' equity also grew significantly since 1989, with the \$4.3 million reported in 1996 representing an increase (adjusted for CPI) of more than 60 percent.

Table 18: Comparison of community service co-operatives, 1989 and 1996

Descriptor	1989 (x 1000)*	1996 (x 1000)*	% Difference (unadjusted)	% Difference (adjusted for inflation)
Assets	\$4,933	\$6,101	23.7	2.2
Liabilities	\$2,723	\$1,786	-34.4	-45.8
Average debt/asset	0.27	0.13	-51.9	na
Members' equity	\$2,210	\$4,316	95.3	61.3
Revenue	\$12,125	\$14,618	20.6	-0.4
Surplus	\$365	\$368	0.8	-16.7
Employees	280	291	3.9	na
Wage bill	\$6,914	\$9,412	36.1	12.4
Capital investment	\$279	\$469	68.1	38.9

\* Except for debt/asset and number of employees  
 Note: The 1989 figures include the five bus co-ops, none of which were active in 1996. Because no comparisons were possible, bus co-ops do not appear in the comparative tables; consequently, the 1989 descriptors in those tables will not add up to the figures shown here.

Despite the financial health of this sector and the increase in the number of co-operatives, revenues in 1996 were virtually the same as in 1989, declining 0.4 percent after adjusting for inflation. After a similar adjustment, the surplus in 1996 was 16.7 percent lower than in 1989. Employment increased 3.9 percent, from 280 individuals in 1989 to 291 in 1996. The wage bill grew at a greater rate (12.4 percent), after adjusting for the CPI, from \$6.9 million paid in 1989 to \$9.4 million in 1996. Increases in capital investment were also substantial, rising from \$279,000 to \$469,000, an adjusted increase of 38.9 percent. The 1996 financial statistics for the different community service co-operatives are presented in Table 19 (overleaf).

### **Health Care**

Excluding a number of recently established health co-operatives not yet providing financial information, the number analysed for this study was 8, the same as in 1989. The total membership of 26,320 reported in 1996 was largely accounted for by the three largest community clinics—those in Regina, Saskatoon,<sup>33</sup> and Prince Albert. Assets increased slightly over the period, but when combined with a substantial decline in liabilities, revealed a 78 percent increase in members' equity. Although revenues increased from \$11 million to nearly \$14 million, this represented only a 1.5 percent increase when adjusted for the CPI. The adjusted surplus reported in 1996 was 44.1 percent higher, at \$356,000. The health co-operatives accounted for at least 272 paid positions,<sup>34</sup> with a wage bill of \$9.2 million in 1996 compared to \$6.6 million in 1989.

### **Fire Protection**

The number of fire protection co-operatives did not change between 1989 and 1996, although membership over the same period increased from 2,170 to 2,626. Total revenues and the surplus were substantially higher, and capital investment increased by 50 percent. In addition, the number of employees increased from 6 to 9 part time, while the wage bill rose 17 percent. In general, these co-operatives maintained low debt-to-asset ratios, with the majority indicating zero liabilities.

tables 19 and 20 here

## Funerals

Only 3 funeral co-operatives were reported active in 1996, compared to 4 in 1989. The loss of the largest co-operative negatively impacted all financial information collected, with active memberships, number of employees, and wages all declining substantially. Revenues were also down, and no capital investment was reported in 1996.

## Water Systems

The number of water supply co-operatives increased from 4 reporting in 1989 to 18 in 1996, with active membership growing from 64 to 233. Assets held by the water system co-operatives increased dramatically, from \$53,000 in 1989 to \$919,000 in 1996, while the increase in liabilities was relatively slight, from \$47,000 to \$64,000. The average debt-to-asset ratio fell from 0.26 to 0.09 between 1989 and 1996, with members' equity growing from a mere \$5,000 to \$854,000.

Assets held by the water system co-operatives increased dramatically, from \$53,000 in 1989 to \$919,000 in 1996, while the increase in liabilities was relatively slight, from \$47,000 to \$64,000.

The water system co-operatives reported revenue of \$78,000 in 1996, compared to \$3,000 in 1989, although the total surplus remained low, increasing only \$3,000 between the two studies. Despite the significant increase in numbers and financial resources, the water co-operatives continued to operate with only volunteer labour. Capital investment in 1996 was reported as \$30,000, down from \$52,000 in 1989, suggesting that most capital investment occurred between the two studies, with maintenance costs and the up-keep of existing systems accounting for the small surplus reported in 1996.

## Adult Education

The 5 adult education co-operatives active in 1996 reported 291 active members, down 26 percent from the 1989 figures. Specific areas of interest included co-operative education and development, promotion of the arts, and preservation of culture. Assets were \$114,000, down considerably from the \$259,000 reported in 1989, with a corresponding fall in liabilities and members' equity, which dropped from \$199,000 to \$87,000. The average debt-

to-asset ratio fell from 0.47 in 1989 to 0.30 in 1996. Revenues declined by 4 percent and a loss of \$36,000 was reported in 1996, compared to a surplus of \$75,000 in 1989. Further reflecting the reduced economic impact of adult educational co-operatives, employment fell from 6 in 1989 to 3 in 1996, with a 37 percent drop in the wage bill.

### **Other Community Services**

Other community services consisted of 2 co-operatives, established to support those with mental disabilities and to enhance the quality of life for disadvantaged individuals. In 1996, assets and members' equity had doubled, despite the loss of 2 co-operatives reporting in 1989. Liabilities increased at a much higher rate—from \$6,000 in 1989 to \$24,000 in 1996—although they remained relatively low, and the average debt-to-asset ratio was calculated as 0.09 compared to 0.02 in 1989.

Revenue, adjusted for the CPI, increased slightly in 1996 compared to 1989, but the surplus decreased from \$30,000 to \$6,000 over the same period. Employment rose by 2 full-time positions to a total of 5, which represented a 67 percent increase. The total wage bill was unchanged after adjusting for inflation, although capital investment was \$11,000 in 1996, compared to zero in 1989.

## **Other Types of Co-operatives**

**T**his category of co-operatives includes those involved in housing, real estate development, employment, publishing, and other unrelated activities. Since it does not represent any particular activity or industry, this report does not compare aggregate data as it was felt that its heterogeneity would be too confounding. Comparisons were limited instead to the 5 types of co-operatives identified. The 1996 financial data for this sector is provided in Table 20 (see page 80).

### **Housing**

Housing co-operatives represent the largest category in this sector in terms of numbers and financial activity. As is the case with child-care co-operatives, collective ownership of



housing units can help increase the number of affordable units available. In 1996, there were 21 housing co-operatives with 1,108 active members, representing a slight decline in the number of co-operatives, but a 9 percent increase in active membership since 1989. Although assets fell by \$0.6 million, liabilities declined to an even greater extent, resulting in an average debt-to-asset ratio that was virtually unchanged at 0.87. There was an increase of 43.7 percent in members' equity, adjusted for inflation. Although revenues were 30 percent lower in 1996, the housing co-operatives were able to break even, unlike in 1989, when a loss of \$202,000 was reported.

The housing co-operatives employed 29 people (4 full time and 25 part time) in 1996, down slightly from 1989, and the wage bill was much lower, at \$300,000 compared to the \$397,000 reported in 1989. Co-operatives representing 7 positions failed to indicate their wages, but when allowances were made for these positions, the average wage paid was still 9.2 percent lower in 1996 after adjusting for inflation. Capital investment was down sharply in 1996, although, like wages, this may be due to the fact that most co-operatives did not indicate capital investment in their annual reports for 1996.

### Real Estate Development

This category includes co-operatives that deal with the building of nonresidential facilities, as well as the purchase of land and the regulation of development in various communities. The enterprises reporting as real estate developments were primarily cottage and resort co-operatives. The number of co-operatives was unchanged since 1989, although there had been some turnover, and active membership increased by 40 percent. Although the number of co-operatives did not change, assets, liabilities, revenue, and surplus were markedly lower in 1996. At the same time, members' equity increased from \$334,000 to \$470,000 and the average debt-to-asset ratio fell from 0.35 to 0.07.

Members' equity in real estate development co-operatives increased from \$334,000 to \$470,000 between 1989 and 1996, and the average debt-to-asset ratio fell from

Of note is the change in employment since 1989, when there were no paid positions

reported. In 1996 there were 13 positions (5 full time and 8 part time) and a total wage bill of \$64,000. All but one of these positions are associated with a single enterprise. Capital investment, reported as zero in 1989, was \$176,000 in 1996. As with the employment statistics, a single enterprise (the same one) accounted for most of this investment.

### **Employment**

One response to high levels of unemployment has been the formation of employment co-operatives, with the primary focus of providing jobs for their members. Although financial data for most of the employment co-operatives was unavailable for 1996 due to a very low level of reporting, some general observations are possible. The number of co-operatives has declined by 1—from 8 to 7—since 1989, while membership has fallen by more than one-half—from 119 to 52—and the number of people employed has fallen from 49 positions in 1989 to 18 in 1996.

### **Publishing**

The number of publishing co-operatives reporting in 1996 was 5, up from 3 in 1989, and membership increased from 207 to 277 active members. Despite these hopeful signs of growth, the financial statistics reported in 1996 were of some concern, with assets declining and liabilities increasing by 65 percent. Although the average debt-to-asset ratio fell from 0.55 in 1989 to 0.49 in 1996, this calculation excluded one co-operative in which liabilities exceeded assets by more than 200 percent. Members' equity fell from \$125,000 in 1989 to \$18,000 in 1996.

Revenue was 3 percent lower in 1996, and the co-operatives collectively reported a deficit of \$33,000, similar to the \$28,000 deficit reported in 1989. Employment fell 40 percent, although the average wage, adjusted for inflation, actually increased by 26.4 percent, most likely due to the fact that a greater proportion of the remaining positions were full time. The decline in capital investment—from \$7,000 in 1989 to virtually zero in 1996—is further evidence of the difficulties being experienced by these co-operatives.

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## Miscellaneous

The co-operatives listed as miscellaneous contain a varied collection of enterprises, including snowploughs, crafts, a railway, and film production companies. Of the 10 listed as active in 1996, financial data were available for only 5, although information on membership and employees was available for all 10. Active membership increased from 369 to 405, although total membership declined from 1989, when it was reported as 472. Employment declined as well, from 27 people in 1989 to 21 in 1996, with a larger decline in the number of part-time positions.

## Francophone Co-operatives

The co-operatives listed in this section are dispersed throughout the previous sectors. They do, however, warrant further discussion as a separate body because of their role in sustaining Francophone communities.

Francophone co-operatives place a high priority on preserving and promoting the French language and culture, providing financial services, retail, housing, literature, education, and child care to Francophones in Saskatchewan. A total of 29 such co-operatives representing 2,694 members were found to be active in 1996 compared to the 23 reported in 1990.

Types of co-operatives included preschools (18), a community hall, a recreation co-operative, Caisses Populaires, housing, publishing, and retail. Assets totalled \$10.4 million in 1996, with liabilities of \$9.7 million. The average debt-to-asset ratio was relatively low at 0.23, with most of the reported debt held by the Caisses Populaires and the housing co-operative. Members' Equity was reported as \$762,351. Total revenues in 1996 were reported at \$1.8 million, with a loss of \$12,546. The Francophone co-operatives provided 21 full-time and 26 part-time positions in 1996, with a total wage bill of \$665,502 and capital investments worth \$4,545.

# Comparative Tables

## Farming

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	44	36	-8	-18%
Membership				
Total*	234	224	-10	-4%
Active*	234	224	-10	-4%
Inactive*	0	0	0	na
Employees				
All*	16	28	12	75%
Full-time*	5	13	8	160%
Part-time*	11	15	4	36%
Wage bill	140	348	208	149%
Revenue	8,461	3,304	-5,157	-61%
Surplus	1,313	683	-630	-48%
Cap investment	547	467	-80	-15%
Assets	13,881	4,709	-9,172	-66%
Liabilities	10,166	2,105	-8,061	-79%
Members' equity	3,715	2,604	-1,111	-30%
Debt/asset*	0.67	0.45	-0.22	-33%

**Note:** The Department of Justice does not presently request a distinction between active and inactive, and most co-operatives appeared to be submitting an aggregate number. It is anticipated that inactive membership is somewhat understated and active membership somewhat overstated in 1996, compared to 1989.

## Feeder

Number of co-ops*	55	137	82	149%
Membership				
Total*	1,482	5,989	4,507	304%
Active*	1,040	5,742	4,702	452%
Inactive*	442	147	-295	-67%
Employees				
All*	65	172	107	165%
Full-time*	1	5	4	400%
Part-time*	64	167	103	161%
Wage bill	115	172	57	50%
Revenue	11,596	na	na	na
Surplus	-180	19	199	-111%
Cap investment	1,135	na	na	na
Assets	16,877	43,361	26,484	157%
Liabilities	17,255	42,903	25,648	149%
Members' equity	-378	397	775	-205%
Debt/asset*	0.83	0.96	0.13	16%

See endnote 8, page 109.

## Grazing

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	131	139	8	6%
Membership				
Total*	1,442	1,909	467	32%
Active*	1,376	1,902	526	38%
Inactive*	66	0	-66	-100%
Employees				
All*	39	62	23	59%
Full-time*	2	2	0	0%
Part-time*	37	60	23	62%
Wage bill	194	200	6	3%
Revenue	2,409	3,265	856	36%
Surplus	66	33	-33	-50%
Cap investment	187	57	-130	-70%
Assets	2,946	4,013	1,067	36%
Liabilities	1,776	1,609	-167	-9%
Members' equity	1,171	2,404	1,233	105%
Debt/asset*	0.45	0.31	-0.14	-31%

## Breeding

Number of co-ops*	5	13	8	160%	See endnote 8, page 109.
Membership					
Total*	391	794	403	103%	
Active*	135	794	659	488%	
Inactive*	256	0	-256	-100%	
Employees					
All*	8	20	12	150%	
Full-time*	4	6	2	50%	
Part-time*	4	14	10	250%	
Wage bill	68	55	-13	-19%	
Revenue	824	229	-595	-72%	
Surplus	210	14	-196	-93%	
Cap investment	47	0	-47	-100%	
Assets	932	677	-255	-27%	
Liabilities	653	501	-152	-23%	
Members' equity	279	175	-104	-37%	
Debt/asset*	0.38	0.38	0.00	0%	

## Seed Cleaning

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	10	10	0	0%
Membership				
Total*	2,078	2,519	441	21%
Active*	1,267	2,519	1,252	99%
Inactive*	811	0	-811	-100%
Employees				
All*	25	22	-3	-12%
Full-time*	15	13	-2	-13%
Part-time*	10	9	-1	-10%
Wage bill	341	491	150	44%
Revenue	868	1,066	198	23%
Surplus	29	-125	-154	-531%
Cap investment	21	154	133	633%
Assets	1,798	1,860	62	3%
Liabilities	671	473	-198	-30%
Members' equity	1,127	1,387	260	23%
Debt/asset*	0.33	0.24	-0.09	-27%

## Farmers' Markets

Number of co-ops*	48	41	-7	-15%
Membership				
Total*	4,172	2,410	-1,762	-42%
Active*	2,794	2,013	-781	-28%
Inactive*	1,378	397	-981	-71%
Employees				
All*	24	24	0	0%
Full-time*	1	1	0	0%
Part-time*	23	23	0	0%
Wage bill	33	44	11	33%
Revenue	193	244	51	26%
Surplus	8	3	-5	-63%
Cap investment	6	9	3	50%
Assets	191	305	114	60%
Liabilities	57	39	-18	-32%
Members' equity	134	266	132	99%
Debt/asset*	0.11	0.06	-0.05	-45%

## Soil Conservation

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	15	7	-8	-53%
Membership				
Total*	502	201	-301	-60%
Active*	342	201	-141	-41%
Inactive*	160	0	-160	-100%
Employees				
All*	1	2	1	100%
Full-time*	0	0	0	na
Part-time*	1	2	1	100%
Wage bill	2	4	2	100%
Revenue	164	68	-96	-59%
Surplus	-5	25	30	-600%
Cap investment	3	84	81	2,700%
Assets	45	128	83	184%
Liabilities	5	58	53	1,060%
Members' equity	40	70	30	75%
Debt/asset*	0.2	0.09	0	-55%

## Fishing

Number of co-ops*	22	10	-12	-55%
Membership				
Total*	804	529	-275	-34%
Active*	804	529	-275	-34%
Inactive*	0	0	0	na
Employees				
All*	13	4	-9	-69%
Full-time*	0	0	0	na
Part-time*	13	4	-9	-69%
Wage bill	40	8	-32	-80%
Revenue	276	54	-222	-80%
Surplus	14	23	9	64%
Cap investment	20	0	-20	-100%
Assets	312	48	-264	-85%
Liabilities	35	14	-21	-60%
Members' equity	277	34	-243	-88%
Debt/asset*	0.25	0.14	0	-44%

### Saskatchewan Wheat Pool

Numbers here represent Saskatchewan-only data.

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change	
Number of co-ops*	1	1	0	0%	
Membership					
Total*	87,088	76,000	-11,088	-13%	See text pages 53–54 and endnote 12, page 109.
Active*	64,348	57,000	-7,348	-11%	
Inactive*	22,740	21,000	-1,740	-8%	
Employees					
All*	3,002	2,500	-502	-17%	
Full-time*	2,897	na	na	na	
Part-time*	105	na	na	na	
Wage bill	87,987	100,000	12,013	14%	
Revenue	1,592,151	4,133,241	2,541,090	160%	
Surplus	5,337	48,355	43,018	806%	
Cap investment	29,710	78,428	48,718	164%	
Assets	672,100	1,203,818	531,718	79%	
Liabilities	382,564	734,580	352,016	92%	
Members' equity	329,737	281,543	-48,194	-15%	See endnote 12, page 109.
Debt/asset*	0.57	0.61	0.04	7%	

### Saskatchewan Dairy Producers

Numbers here represent Saskatchewan-only data.

Number of co-ops*	1	0	-1	-100%
Membership				
Total*	4,572	2,000	-2,572	-56%
Active*	1,601	512	-1,089	-68%
Inactive*	2,971	1,488	-1,483	-50%
Employees				
All*	683	516	-167	-24%
Full-time*	658	na	na	na
Part-time*	25	na	na	na
Wage bill	25,031	22,643	-2,388	-10%
Revenue	180,951	159,682	-21,269	-12%
Surplus	4,714	3,062	-1,652	-35%
Cap investment	33,777	529	-33,248	-98%
Assets	100,722	73,248	-27,474	-27%
Liabilities	49,885	44,251	-5,634	-11%
Members' equity	50,837	28,998	-21,839	-43%
Debt/asset*	0.5	0.6	0.10	20%



### Other Agricultural Co-operatives

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	13	13	0	0%
Membership				
Total*	1,390	773	-617	-44%
Active*	662	773	111	17%
Inactive*	728	0	-728	-100%
Employees				
All*	42	50	8	19%
Full-time*	4	15	11	275%
Part-time*	38	35	-3	-8%
Wage bill	170	160	-10	-6%
Revenue	4,562	1,462	-3,100	-68%
Surplus	40	85	45	113%
Cap investment	2	283	281	14,050%
Assets	2,451	2,480	29	1%
Liabilities	1,354	1,482	128	9%
Members' equity	1,098	998	-100	-9%
Debt/asset*	0.35	0.29	-0.06	-17%

### Small Business Loans Associations

Number of co-ops*	27	147	120	444%
Membership				
Total*	186	1,672	1,486	799%
Active*	186	1,672	1,486	799%
Inactive*	0	0	0	na
Employees				
All*	0	59	59	na
Full-time*	0	0	0	na
Part-time*	0	59	59	na
Wage bill	0	60	60	na
Revenue	7	294	287	4,100%
Surplus	3	-8	-11	-367%
Cap investment	0	0	0	na
Assets	107	3,233	3,126	2921%
Liabilities	96	2,743	2,647	2757%
Members' equity	11	487	476	4327%
Debt/asset*	0.83	0.81	-0.02	-2%

## Rural Development Corporations

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	14	18	4	29%
Membership				
Total*	111	135	24	22%
Active*	111	135	24	22%
Inactive*	0	0	0	na
Employees				
All*	39	10	-29	na
Full-time*	9	2	-7	na
Part-time*	30	8	-22	na
Wage bill	126	98	-28	na
Revenue	742	233	-509	-69%
Surplus	132	-27	-159	-120%
Cap investment	1	0	-1	na
Assets	940	1,025	85	9%
Liabilities	309	437	128	41%
Members' equity	632	589	-43	-7%
Debt/Asset*	0.34	0.42	0.08	24%

## Community Halls

Number of co-ops*	145	109	-36	-25%
Membership				
Total*	11,071	7,459	-3,612	-33%
Active*	6,113	6,955	842	14%
Inactive*	4,958	504	-4,454	-90%
Employees				
All*	51	34	-17	-33%
Full-time*	3	0	-3	-100%
Part-time*	48	34	-14	-29%
Wage bill	62	63	1	2%
Revenue	983	862	-121	-12%
Surplus	-1	-15	-14	1,400%
Cap investment	79	27	-52	-66%
Assets	3,389	3,149	-240	-7%
Liabilities	98	22	-76	-78%
Members' equity	3,291	3,127	-164	-5%
Debt/asset*	0.03	0.01	-0.02	-67%

## Curling and Recreational Centres

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	101	95	-6	-6%
Membership				
Total*	12,432	11,466	-966	-8%
Active*	8,241	11,348	3,107	38%
Inactive*	4,191	118	-4,073	-97%
Employees				
All*	117	120	3	3%
Full-time*	11	12	1	9%
Part-time*	106	108	2	2%
Wage bill	528	673	145	27%
Revenue	3,233	2,931	-302	-9%
Surplus	211	1	-210	-100%
Cap investment	639	88	-551	-86%
Assets	10,173	10,786	611	6%
Liabilities	1,847	1,220	-627	-34%
Members' equity	8,326	9,566	1,240	15%
Debt/asset*	0.08	0.1	0.02	25%

## Television

Number of co-ops*	7	5	-2	-29%
Membership				
Total*	2,649	1,734	-915	-35%
Active*	2,592	1,734	-858	-33%
Inactive*	57	0	-57	-100%
Employees				
All*	117	174	57	49%
Full-time*	76	117	41	54%
Part-time*	41	57	16	39%
Wage bill	1,872	4,472	2,600	139%
Revenue	11,759	24,051	12,292	105%
Surplus	1,926	1,491	-435	-23%
Cap investment	6,262	5,328	-934	-15%
Assets	19,962	27,378	7,416	37%
Liabilities	13,530	11,459	-2,071	-15%
Members' equity	6,433	15,919	9,486	147%
Debt/asset*	0.28	0.23	-0.05	-18%

### Other Recreational Co-operatives

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	13	10	-3	-23%
Membership				
Total*	967	768	-199	-21%
Active*	513	768	255	50%
Inactive*	454	0	-454	-100%
Employees				
All*	42	15	-27	-64%
Full-time*	13	0	-13	-100%
Part-time*	29	15	-14	-48%
Wage bill	181	56	-125	-69%
Revenue	503	385	-118	-23%
Surplus	-204	46	250	-123%
Cap investment	69	10	-59	-86%
Assets	1,010	745	-265	-26%
Liabilities	200	223	23	12%
Members' equity	810	522	-288	-36%
Debt/asset*	0.17	0.09	-0.08	-47%

### Child-Care Centres

Number of co-ops*	45	54	9	20%
Membership				
Total*	3,237	3,436	199	6%
Active*	3,237	3,106	-131	-4%
Inactive*	0	330	330	na
Employees				
All*	367	387	20	5%
Full-time*	279	269	-10	-4%
Part-time*	88	118	30	34%
Wage bill	5,475	6,297	822	15%
Revenue	7,240	8,899	1,659	23%
Surplus	163	240	77	47%
Cap investment	387	385	-2	-1%
Assets	3,424	4,561	1,137	33%
Liabilities	1,259	1,228	-31	-2%
Members' equity	2,165	3,336	1,171	54%
Debt/asset*	0.32	0.26	-0.06	-19%

## Preschools

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change	
Number of co-ops*	75	79	4	5%	See endnote 19, page 110.
Membership					
Total*	6,738	5,837	-901	-13%	
Active*	6,738	5,789	-949	-14%	
Inactive*	0	48	48	na	
Employees					
All*	106	132	26	25%	
Full-time*	31	33	2	6%	
Part-time*	75	99	24	32%	
Wage bill	546	778	232	42%	
Revenue	879	1,306	427	49%	
Surplus	68	43	-25	-37%	
Cap investment	19	156	137	721%	
Assets	365	682	317	87%	
Liabilities	23	137	114	496%	
Members' equity	341	545	204	60%	
Debt/asset*	0.03	0.04	0.01	33%	

## Federated Co-operatives Limited

	1989	1996	Absolute Change	% Change	
Number of co-ops*	1	1	0	0%	Numbers here represent Saskatchewan-only data. Note also that \$163 million of FCL Members' Equity for 1996 is also reported as Assets in the table for Affiliated Retail Co-ops, below. The \$135.4 million reported here is what is left over after deducting the \$163 million.  See page 107.  See text page 71.  See text page 71.  See endnote 23, page 110 and text page 71.  See note above and endnote 22, page 110.
Membership					
Total*	176	169	-7	-4%	
Active*	176	169	-7	-4%	
Inactive*	na	na	na	na	
Employees					
All*	1,183	1,148	-35	-3%	
Full-time*	1,183	1,148	-35	-3%	
Part-time*	na	0	na	na	
Wage bill	44,470	50,063	5,593	13%	
Revenue	na	863,302	na	na	
Surplus	na	60,829	na	na	
Cap investment	14,478	17,139	2,661	18%	
Assets	582,095	442,445	-139,650	-24%	
Liabilities	170,209	143,672	-26,537	-16%	
Members' equity	153,138	135,430	-17,708	-12%	
Debt/asset*	0.29	0.32	0.03	10%	

### Affiliated Retail Co-operatives

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	176	169	-7	-4%
Membership				
Total*	349,000	335,000	-14,000	-4%
Active*	288,000	282,000	-6,000	-2%
Inactive*	61,000	53,000	8,000	13%
Employees				
All*	5,400	4,960	-440	-8%
Full-time*	5,400	4,960	-440	-8%
Part-time*	0	0	0	na
Wage bill	70,000	79,735	9,735	14%
Revenue	757,159	933,730	176,571	23%
Surplus	35,058	79,735	44,677	127%
Cap investment	na	4,891	na	na
Assets	354,646	474,233	119,587	34%
Liabilities	121,876	68,365	-53,511	-44%
Members' equity	232,770	405,868	173,098	74%
Debt/asset*	0.34	0.14	-0.20	-59%

See page 107.

### Other Retail Co-operatives

Number of co-ops*	9	22	13	144%
Membership				
Total*	1,159	1,415	256	22%
Active*	1,054	1,415	361	34%
Inactive*	105	0	-105	-100%
Employees				
All*	9	5	-4	-44%
Full-time*	2	0	-2	-100%
Part-time*	7	5	-2	-29%
Wage bill	55	11	-44	-80%
Revenue	367	104	-263	-72%
Surplus	4	-6	-10	-250%
Cap investment	21	0	-21	-100%
Assets	171	80	-91	-53%
Liabilities	105	45	-60	-57%
Members' equity	66	36	-30	-45%
Debt/asset*	0.53	0.33	-0.2	-38%

**Credit Unions**

See endnote 26, page 110.

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	351	340	-11	-3%
Membership				
Total*	570,694	555,188	-15,506	-3%
Active*	570,694	555,188	-15,506	-3%
Inactive*	0	0	0	na
Employees				
All*	2,469	2,556	87	4%
Full-time*	2,469	2,556	87	4%
Part-time*	0	0	0	na
Wage bill	72,500	92,033	7,930	27%
Revenue	586,700	480,361	-106,339	-18%
Surplus	25,500	40,088	14,588	57%
Cap investment	8,902	11,199	2297	26%
Assets	4,986,800	6,106,584	1,119,784	22%
Liabilities	4,793,100	5,745,655	952,555	20%
Members' equity	193,700	360,929	167,229	86%
Debt/asset*	0.96	0.94	-0.02	-2%

See page 107.

See endnote 30, page 110.

**Credit Union Central**

See endnote 26, page 110.

Number of co-ops*	1	1	0	0%
Membership				
Total*	430	376	-54	-13%
Active*	430	376	-54	-13%
Inactive*	0	0	0	na
Employees				
All*	299	360	61	20%
Full-time*	250	275	25	10%
Part-time*	49	85	36	73%
Wage bill	10,503	20,495	9,992	95%
Revenue	196,880	125,668	-71,212	-36%
Surplus	8,900	4,022	-4,878	-55%
Cap investment	3,093	3,741	648	21%
Assets	1,642,700	1,616,954	-25,746	-2%
Liabilities	1,495,124	1,531,483	36,359	2%
Members' equity	96,485	85,471	-11,014	-11%
Debt/asset*	0.91	0.95	0.04	4%

### Co-operative Trust Company of Canada

See endnote 26, page 110.

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	1	1	0	0%
Membership				
Total*	190	148	-42	-22%
Active*	190	148	-42	-22%
Inactive*	0	0	0	na
Employees				
All*	155	180	25	16%
Full-time*	155	180	25	16%
Part-time*	0	0	0	na
Wage bill	4,310	9,310	5,000	116%
Revenue	29,331	44,002	14,671	50%
Surplus	na	2,230	na	na
Cap investment	608	580	-28	-5%
Assets	221,464	487,236	265,772	120%
Liabilities	491,500	463,676	-27,824	-6%
Members' equity	24,292	23,560	-732	-3%
Debt/asset*	na	0.95	na	na

Figures here represent Saskatchewan-only data. 1996 financial figures equal 51% of the total enterprise.

See page 107.

### The Co-operators

See endnote 26, page 110.

Number of co-ops*	1	1	0	0%
Membership				
Total*	3	3	1	33%
Active*	3	3	0	0%
Inactive*	0	0	0	na
Employees				
All*	973	500	-473	-49%
Full-time*	784	na	na	na
Part-time*	189	na	na	na
Wage bill	28,432	25,000	-3,432	-12%
Revenue	76,209	65,000	-11,209	-15%
Surplus	na	3,000	na	na
Cap investment	na	0	na	na
Assets	22,000	170,000	148,000	673%
Liabilities	na	145,000	na	na
Members' equity	na	1	na	na
Debt/asset*	na	0.85	na	na

Figures here represent Saskatchewan-only data.



**Co-operative Hail Insurance**

See endnote 26, page 110.

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	1	1	0	0%
Membership				
Total*	57,355	64,884	7,529	13%
Active*	12,740	14,566	1,826	14%
Inactive*	44,615	50,318	5,703	13%
Employees				
All*	16	7	-9	-56%
Full-time*	10	7	-3	-30%
Part-time*	6	0	-6	-100%
Wage bill	254	337	83	33%
Revenue	12,006	26,354	14,348	120%
Surplus	2,924	1,402	-1,522	-52%
Cap investment	na	8	na	na
Assets	22,796	25,579	2,783	12%
Liabilities	0	4,211	4,211	na
Members' equity	22,796	21,368	-1,428	-6%
Debt/asset*	0	0.16	na	na

**Health Care**

Number of co-ops*	8	10	2	25%	
Membership					
Total*	24,845	26,320	1,475	6%	See endnote 33, page 110.
Active*	17,865	26,320	8,455	47%	
Inactive*	6,980	0	-6,980	-100%	
Employees					
All*	242	272	30	12%	See endnote 34, page 110.
Full-time*	141	195	54	na	
Part-time*	101	77	-24	-24%	
Wage bill	6,618	9,220	2,602	39%	
Revenue	11,204	13,761	2,557	23%	
Surplus	204	356	152	75%	
Cap investment	217	419	202	93%	
Assets	3,914	4,145	231	6%	
Liabilities	2,524	1,665	-859	-34%	
Members' equity	1,390	2,480	1,090	78%	
Debt/asset*	0.33	0.29	-0.04	-12%	

## Fire Protection

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	9	9	0	0%
Membership				
Total*	2,170	2,626	456	21%
Active*	2,138	2,626	488	23%
Inactive*	32	0	-32	-100%
Employees				
All*	6	9	3	50%
Full-time*	0	0	0	na
Part-time*	6	9	3	50%
Wage bill	12	14	2	17%
Revenue	112	195	83	74%
Surplus	21	28	7	33%
Cap investment	6	9	3	50%
Assets	467	660	193	41%
Liabilities	3	5	2	67%
Members' equity	464	654	190	41%
Debt/asset*	0.00	0.02	0.02	na

## Funeral

Number of co-ops*	4	3	-1	-25%
Membership				
Total*	509	117	-392	-77%
Active*	484	117	-367	-76%
Inactive*	25	0	-25	-100%
Employees				
All*	6	2	-4	-67%
Full-time*	1	0	-1	na
Part-time*	5	2	-3	-60%
Wage bill	11	1	-10	-91%
Revenue	106	17	-89	-84%
Surplus	33	11	-22	-67%
Cap investment	3	0	-3	-100%
Assets	131	63	-68	-52%
Liabilities	71	0	-71	-100%
Members' equity	61	63	2	3%
Debt/asset*	0.24	0.00	-0.24	na

## Water Systems

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	4	18	14	350%
Membership				
Total*	71	233	162	228%
Active*	64	233	169	264%
Inactive*	7	0	-7	-100%
Employees				
All*	0	0	0	na
Full-time*	0	0	0	na
Part-time*	0	0	na	na
Wage bill	0	0	0	na
Revenue	3	78	75	2,500%
Surplus	1	4	3	300%
Cap investment	52	30	-22	-42%
Assets	53	919	866	1,634%
Liabilities	47	64	17	36%
Members' equity	5	854	849	16,980%
Debt/asset*	0.26	0.09	-0.17	-65%

## Adult Education

Number of co-ops*	5	5	0	0
Membership				
Total*	417	291	-126	-30%
Active*	392	291	-101	-26%
Inactive*	25	0	-25	-100%
Employees				
All*	6	3	-3	-50%
Full-time*	2	2	0	0%
Part-time*	4	1	-3	-75%
Wage bill	115	73	-42	-37%
Revenue	308	296	-12	-4%
Surplus	75	-36	-111	-148%
Cap investment	0	0	0	na
Assets	259	114	-145	-56%
Liabilities	60	27	-33	-55%
Members' equity	199	87	-112	-56%
Debt/asset*	0.47	0.3	-0.17	-36%

## Other Community Services

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	4	2	-2	50%
Membership				
Total*	826	995	169	20%
Active*	321	995	674	210%
Inactive*	505	0	-505	-100%
Employees				
All*	3	5	2	67%
Full-time*	2	4	2	100%
Part-time*	1	1	0	0%
Wage bill	86	104	18	21%
Revenue	210	270	60	29%
Surplus	30	6	-24	-80%
Cap investment	0	11	11	na
Assets	96	201	105	109%
Liabilities	6	24	18	300%
Members' equity	91	177	86	95%
Debt/asset*	0.02	0.09	0.07	350%

## Housing

Number of co-ops*	22	21	-1	-5%
Membership				
Total*	1,045	1,108	63	6%
Active*	1,019	1,108	89	9%
Inactive*	26	0	-26	-100%
Employees				
All*	32	29	-3	-9%
Full-time*	6	4	-2	-33%
Part-time*	26	25	-1	-4%
Wage bill	397	300	-97	-24%
Revenue	10,130	7,091	-3,039	-30%
Surplus	-202	1	203	-100%
Cap investment	565	17	-548	-97%
Assets	53,390	52,767	-623	-1%
Liabilities	51,402	49,308	-2,094	-4%
Members' equity	1,988	3,459	1,471	74%
Debt/asset*	0.88	0.87	-0.01	-1%

## Real Estate Development

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	8	8	0	0%
Membership				
Total*	528	717	189	36%
Active*	513	717	204	40%
Inactive*	15	0	-15	-100%
Employees				
All*	0	13	13	na
Full-time*	0	5	5	na
Part-time*	0	8	8	na
Wage bill	0	64	64	na
Revenue	336	233	-103	-31%
Surplus	83	29	-54	-65%
Cap investment	0	176	176	na
Assets	1,621	578	-1,043	-64%
Liabilities	1,288	108	-1,180	-92%
Members' equity	334	470	136	41%
Debt/asset*	0.35	0.07	-0.28	-80%

## Employment

Number of co-ops*	8	7	-1	-13%
Membership				
Total*	119	52	-67	-56%
Active*	86	52	-34	-40%
Inactive*	33	0	-33	-100%
Employees				
All*	49	18	-31	-63%
Full-time*	9	13	4	44%
Part-time*	40	5	-35	-88%
Wage bill	185	50	-135	-73%
Revenue	1,211	74	-1,137	-94%
Surplus	37	-1	-38	-102%
Cap investment	96	0	-96	-100%
Assets	245	31	-214	-87%
Liabilities	128	13	-115	-90%
Members' equity	117	18	-99	-85%
Debt/asset*	0.44	0.42	-0.02	-5%

## Publishing

(x \$1,000 unless *)	1989	1996	Absolute Change	% Change
Number of co-ops*	3	5	2	67%
Membership				
Total*	210	277	67	32%
Active*	207	277	70	34%
Inactive*	3	0	-3	-100%
Employees				
All*	15	9	-6	-40%
Full-time*	10	7	-3	-30%
Part-time*	5	2	-3	-60%
Wage bill	269	247	-22	-8%
Revenue	608	590	-18	-3%
Surplus	-28	-33	-5	18%
Cap investment	7	0	-7	-100%
Assets	226	185	-41	-18%
Liabilities	101	167	66	65%
Members' equity	125	18	-107	-86%
Debt/asset*	0.55	0.49	-0.06	-11%

## Miscellaneous

Number of co-ops*	12	10	-2	-17%
Membership				
Total*	472	405	-67	-14%
Active*	369	405	36	10%
Inactive*	103	0	-103	-100%
Employees				
All*	27	21	-6	-22%
Full-time*	13	15	2	15%
Part-time*	14	6	-8	-57%
Wage bill	228	165	-63	-28%
Revenue	1,149	899	-250	-22%
Surplus	-7	0	7	-100%
Cap investment	0	42	42	na
Assets	809	608	-201	-25%
Liabilities	507	327	-180	-36%
Members' equity	302	281	-21	-7%
Debt/asset*	0.39	0.27	-0.12	-31%

## Research Approach and Procedures

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Due to legislative changes subsequent to the 1989 study, it was necessary to make some modifications in the methods used to collect data for the 1996 update. In 1989, most financial data was provided by statements filed with Corporations Branch, which, during the course of gathering statistics, moved from the Department of Consumer and Commercial Affairs to the Department of Justice. Additional information on credit unions and co-operative retailers affiliated with FCL was provided by staff at CUC and FCL. In 1996, more complete information on the financial activities of these organizations was available. CUC and FCL once again provided information on their activities, with the Department of Justice serving as the source for data on the not-for-profit co-operatives, as well as for most of the information regarding membership and number of employees (full and part time). A number of individual co-operatives supported this study by generously providing copies of their 1996 annual reports. Due to our inability to contact some co-operatives and the refusal of others to provide the information requested, however, it was not possible to collect all relevant details. Some categories of co-operatives, therefore, are understated in terms of their economic impact on the province.

To take advantage of the opportunity to identify changes in the co-operative sector, we have endeavoured to duplicate the methodology of the previous survey. We have retained the subsectors identified in 1989 and have sought to categorize new co-operatives in a manner consistent with the previous study. Where we have elected to deviate from the 1989 study in our definition or display of data, we have sought to modify the 1989 data to reflect these changes to allow for valid comparisons of the two data sets.

In gathering the statistical information on the financial co-operatives, we were somewhat reliant on the institutions themselves, as publicly available annual reports reflected

a national rather than a provincial perspective. While grateful for their assistance, the manner in which some of the data was collected and interpreted prior to its release to us was unknown, making it difficult to compare with any level of confidence the 1996 findings with those compiled in 1989. As well, the relationship between CUC and the credit unions, and the subsidiary status of the Co-operative Trust Company (51% owned by CUC) has made it necessary to unilaterally assign various assets and liabilities, and to some degree, aspects of operations, to different entities. For this reason, comparisons between the two years will be limited, although ultimately all financial data has been accounted for. Efforts were made to standardize the data in the following manner:

### **Fiscal Year**

The year chosen for analysis was 1996. In cases where financial statements for 1996 had not yet been filed, data from the previous year was used.

### **Information Sources**

There were some discrepancies between information provided by central organizations and government agencies, and the information collected from the files at the Department of Justice. These can be attributed, in part, to differences in the definitions of various terms. In such cases, information collected directly from the co-operative's financial statements at the Department of Justice was assumed to be more accurate.

### **The Effect of Inflation**

Because the two data sets compare different points in time, it is important to factor in the effect of inflation between 1989 and 1996. This was calculated as 21.1 percent based on the Consumer Price Index (CPI) for Saskatchewan as reported in *Economic Review 1996*.

### **Active versus Inactive Members**

Registered members are the sum of active and inactive members. Active members still patronize the co-operative, whereas inactive members no longer do business with the or-



ganization but are still registered as members. The Department of Justice does not presently request a distinction between active and inactive, and most co-operatives appeared to be submitting an aggregate number. It is anticipated that inactive membership is somewhat understated and active membership somewhat overstated in 1996, compared to 1989.

### **Full-Time versus Part-Time Employees**

Co-operatives exhibited considerable latitude in classifying employees as full time or part time. Some reported individuals who received nominal honorariums as part-time employees. For the purposes of this study, individuals receiving \$365/year or less were assumed to be volunteers and were not included as employees (the figure in 1989 was \$300/year or less). Honorariums paid out, however, were included in total wage figures.

There was some difficulty with the designation of certain people as full-time employees, as their remuneration was more indicative of wages paid to part-time or casual workers. In such cases, those who were paid less than \$6,000/year were listed as part-time employees (the figure in 1989 was \$5,000/year). Individuals were also designated as part-time where co-operatives reported them as such, although they received wages greater than \$6,000/year.

### **Members' Equity versus Net Worth**

With the exception of the centrals and their affiliates, the majority of co-operatives surveyed did not make a distinction between member and nonmember earnings. In these cases, the difference between assets and debt (i.e., shares plus memberships plus retained earnings), therefore, was designated as members' equity.

### **Debt/Asset Ratios**

In order to arrive at a representative value for each category, extreme values were eliminated in calculating the average debt-to-asset ratio. These values included a ratio of greater than 2:1 or total assets of \$0 (which yielded an undefined debt-to-asset ratio).

Due to difficulty in obtaining the necessary data, the following aggregate values are generally overstated or understated:

### **Employment and Total Wage Bill**

Many co-operatives contracted for various services, such as accounting and janitorial work. The total number of employees supported by co-operatives and wages paid out, therefore, are understated.

The level of employment is understated because a number of co-operatives showed substantial wages paid out but failed to indicate the number of employees. The amount of wages paid out is also understated because some co-operatives indicated that they had a number of employees but neglected to show a breakdown of expenses.

Another difficulty was the tendency of some co-operatives, particularly the larger ones, to count full-time equivalents (FTEs) rather than actual number of employees. In these cases, the figures provided were accepted as the minimum number of employees. The total number and number of part-time employees for the larger co-operatives are somewhat understated

### **Capital Investment**

The level of capital investment is understated because a number of co-operatives did not include the information with their financial statements. In the case of co-operatives with substantial levels of fixed assets, an estimate was obtained by comparing assets listed for 1996 to those recorded for the previous year, factoring in depreciation where feasible.

## Endnotes

1. For a complete description and analysis of the 1989 study, please refer to Murray Fulton, Lou Hammond Ketilson, and L. Simbandumwe, *Economic Impact Analysis of the Co-operative Sector in Saskatchewan* (Saskatoon: Centre for the Study of Co-operatives, 1991).
2. To take advantage of the opportunity to identify changes in the co-operative sector, we have duplicated as closely as possible the methodology of the previous survey, retaining the subsectors identified in 1989 and categorizing new co-operatives in a manner consistent with the previous study. Where we have deviated from the 1989 study in our definition or display of data, we have modified the 1989 data to reflect these changes, which allows for a more valid comparisons of the two data sets.
3. Because the two data sets compare different points in time, it is important to factor in the effect of inflation between 1989 and 1996. This was calculated as 21.1 percent based on the Consumer Price Index (CPI) for Saskatchewan as reported in Saskatchewan Bureau of Statistics, *Economic Review 1996* (Regina: Government of Saskatchewan, 1997), p4.
4. *Ibid.*
5. In 1996, Saskatchewan Dairy Producers amalgamated with Dairyworld Foods.
6. Information provided by Saskatchewan Bureau of Statistics, *Economic Review 1996*.
7. *Economic Impact Analysis of the Co-operative Sector in Saskatchewan*, p30.
8. Fifteen co-operatives were designated as both a feeder and a breeder co-operative by the Saskatchewan Department of Justice, Corporate Division, in 1996. For this study, co-operatives with this dual designation were categorized as feeder co-operatives.
9. Saskatchewan Wheat Pool, *Annual Report 1996*.
10. *Economic Impact Analysis of the Co-operative Sector in Saskatchewan*, p36.
11. Saskatchewan Wheat Pool, *Annual Report 1996*.
12. While producers retain the voting shares and ultimate control of the enterprise, the dispersion of equity among members and nonmembers in the form of the Class B shares initially limited identification of members' equity to the value attached to the voting shares. According to SWP management, producers hold an estimated 60 percent of Class B shares. This figure was used to allow for comparative analysis with 1989 data.
13. Murray Fulton, Lou Hammond Ketilson, and Louise Simbandumwe, *Saskatchewan Co-operatives: A Record of Community Development* (Saskatoon: Centre for the Study of Co-operatives, 1992), p15.
14. Dairyworld Foods, *Annual Report 1996*.
15. *Economic Impact Analysis of the Co-operative Sector in Saskatchewan*, p39.
16. *Ibid.*, pp40–41.
17. *Saskatchewan Rural Development Corporations: Building for the Future* (Regina: Saskatchewan Rural Development, 1991), p3.
18. *Local Development by Local People...How Co-operatives Can Help* (Regina: Saskatchewan Co-operation and Co-operative Development, 1986).

19. In 1996, the Department of Justice combined preschools and playschools under a single SIC Code. As well, a number of playschools renamed themselves as preschools for marketing purposes. For these reasons, it was felt that separating the two, as was the case in 1989, was not feasible. Comparing the two sets of data, therefore, the 1989 figures for preschools and playschools have been combined for comparison with the single category—preschools—in 1996.
20. Brett Fairbairn, *Building a Dream: The Co-operative Retailing System in Western Canada, 1928–1988* (Saskatoon: Western Producer Prairie Books, 1989), p7.
21. Federated Co-operatives Limited, *Annual Report 1996*.
22. To eliminate double counting, this amount was subtracted from FCL members' equity, although retained in FCL assets so as not to affect calculation of the debt-to-asset ratio. Finally, due to differences in methodology and gaps in the data, comparison with 1989 was not generally viewed as reliable, although individual indices have been compared where feasible.
23. FCL assets and liabilities for Saskatchewan only were unavailable. The best guess of 50% is based on percentage of sales (38.5), percentage of net income (45.7), and percentage of salaries (53) attributed to Saskatchewan. More weight was given to the percentage of salaries due to the location of the refinery in Saskatchewan.
24. *Economic Impact Analysis of the Co-operative Sector in Saskatchewan*, p51.
25. Saskatchewan Bureau of Statistics, *Economic Review 1996*, p4.
26. In gathering the statistical information on the financial co-operatives, we were somewhat reliant on the institutions themselves, as publicly available annual reports reflected a national rather than a provincial perspective. While grateful for their assistance, the manner in which some of the data was collected and interpreted prior to its release to us was unknown, making it difficult to compare with any level of confidence the 1996 findings with those compiled in 1989. As well, the relationship between CUC and the credit unions, and the subsidiary status of the Co-operative Trust Company (51% owned by CUC) has made it necessary to unilaterally assign various assets and liabilities, and to some degree, aspects of operations, to different entities. For this reason, comparisons between the two years will be limited, although ultimately all financial data has been accounted for.
27. Ian MacPherson, *A Very Special Trust Company: A History of the First Twenty-Five Years of Co-operative Trust Company of Canada* (Saskatoon: Co-operative Trust Company of Canada, 1978), p9.
28. *Economic Impact Analysis of the Co-operative Sector in Saskatchewan*, p55.
29. Credit Union Central, *Annual Report 1996*.
30. Originally, capital investment for credit unions in 1989 was reported as \$58 million. It was later determined that this represented total fixed assets instead. In recalculating capital investment for 1989, fixed assets for 1988 (\$56.2 million) were split evenly between buildings and equipment. The resulting depreciation (5% and 20% respectively) was then added to the difference in fixed assets between 1988 and 1989 to get a conservative overapproximation of \$8.9 million.
31. Co-operative Trust Company of Canada, *Annual Report 1996*.
32. Following its merger with Dairyworld Foods (Agrifoods International, British Columbia), Dairy Producers Co-operative was no longer listed as a member in The Co-operators' annual report.
33. Due to changes in how the Saskatoon Community Clinic records membership (families versus individuals), comparisons of the number of members between 1989 and 1996 was not considered valid.
34. Number is understated due to employment figures reported as FTEs rather than number of positions.

# Community Profiles

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To examine the impact of co-operatives on communities in Saskatchewan, researchers interviewed community and co-operative leaders in four distinct geographical regions—the southwest, westcentral, northeast, and northcentral parts of the grainbelt. These areas were chosen in order to obtain a broad overview of the province and to obtain samples that reflect different climatic conditions and resource bases. The responses to these interviews have been coded into eight interrelated areas, corresponding roughly to the conceptual points of view outlined in the literature review (Appendix B). An outline of the people interviewed in these communities is provided in Appendix C.

## Southwest Area of the Grainbelt

Researchers chose five communities in the southwest portion of the grainbelt for an in-depth analysis—the same communities examined in the 1991 study. The villages around these communities are small (less than a hundred people), reflecting the relatively low population density in this part of the province.\* All five belong to the Minimum Convenience category described in Appendix A. The dominant economic activity in these communities is grain production, although livestock production, which twenty years ago was much more prominent, does play a role in the areas near the United States border.

In all five communities, the local retail co-operative and/or credit union is almost the only commercial business in town besides the elevators and the post office. More specifically, all communities had a local retail co-op, and two had a local credit union. All the co-operatives handled bulk fuel and some small hardware; one of them also handled food.

\* See Jack Stabler, "Trade Centre Evolution in the Great Plains," *Journal of Regional Science*, 27, no. 2 (1987): 225–44.

One community has a community-owned foodstore, which, while not strictly a co-op, has many of the same characteristics. There is no other formalized co-operative activity.

In terms of other amenities, two of the communities have a church, one has a school, two have recreational facilities (both of which are community run), and one has a hotel. All the communities have some sort of service organization, such as the Lions Club. Despite the lack of economic activity, all the towns are well-maintained, with populations consisting primarily of retirees, some local farmers, and those employed in the towns' businesses and services.

The communities have changed since 1991. One of them lost its school, while two others have either lost or are in the process of losing their elevators. Population has fallen and very little in the way of new business operations has been created. Farm size has continued to grow, and as in other parts of the province, people in a number of communities are actively examining the possibility of building large-scale hog-production facilities.

All the communities have retained the co-operatives that existed in 1991, although the credit union in one place has amalgamated with a similar operation in a town twenty miles away. In addition, a local credit union opened a new branch in a village near these communities when the bank decided to close its doors.

## **The Social and Economic Role of Co-operatives**

### **Competitive Goods and Services**

In the 1991 study, there was a strong sense that the co-operatives and credit unions in all five communities provided service and competitive prices that other businesses were not willing or able to provide. Although the people interviewed for the current study felt their co-ops at times still played this role, they also said that prices, particularly for fuel, would not likely increase if their co-operative disappeared.

Part of the reason for this might be that in the last year, an independent fuel supplier has entered the local market, selling fuel on essentially a wholesale basis to farmers willing

to pay cash for large volumes. The interviewees did acknowledge that the wholesale prices were available only to large-volume buyers, and that the loss of their co-op might force groups of two or three farmers to join together to build small bulk-fuel facilities. This would allow smaller farmers to buy fuel in large volumes and also to meet what many believe will be more stringent environmental regulations regarding on-farm storage.

As in 1991, residents were concerned that while the co-op provides a wide spectrum of goods and charges the same prices to all members, private competitors often limit their business to fuel and oil, and frequently provide lower prices to their larger customers. Despite the small size of the co-ops, however, members have a wide range of goods available to them. This level of service is made possible in spite of—or perhaps because of—the fact that most of them hold relatively little inventory. Instead, members place orders for things they would like. By relying on a daily bus schedule, the ability of Federated Co-operatives Limited (FCL) to wholesale a wide range of items, and the ability to order wholesale from other suppliers, local co-operatives are able to operate what one group referred to as a “just-in-time” inventory system that sometimes even delivers larger goods to people’s farms.

This latter point is extremely important, since one of the things cited repeatedly was the convenience provided by the local co-op. The view is reflected in comments such as:

- “The price of groceries would be the same, but the travel costs would increase. We’d be less able to get groceries on short notice.”
- “The co-op is handy. The down time [to drive to a larger centre] is large for a \$50 item.”
- “The co-op gives us the ability to drive [to town to pick up a part] three times a day.”

The importance of service is also highlighted by the fact that one of the co-operatives has moved into a newly constructed building since 1991. The new building reflects the fact that the manager has been able to increase business over the last few years, largely because of his willingness to do special orders for people. Increased business has led to the

hiring of extra staff, thereby allowing the manager to remain in the store full time, which in turn has generated more business because people are assured of getting good service when they come in.

In summary, the overall impression is that co-op members and others in the communities are pleased with their co-operatives. In addition to the comments above, further evidence for this view is provided by the fact that in recent years, all of the co-operatives have maintained their sales and net-saving positions. While there are a number of factors at work here (see the section below on management and local control), a necessary condition is the continued patronage of the members.

### **Provision of Goods and Services Not Otherwise Provided**

Among the five local retail co-operatives considered, the notion that co-ops are capable of supplying goods and services that otherwise would not be provided received considerable support. One aspect of this was presented in the previous section, which noted that all the co-operatives regularly ordered items in response to specific requests.

A better example, however, is the case cited in the 1991 study of a co-operative taking over the retail postal outlet in town. That co-op is continuing to run the post office. The formation of a community grocery store after the failure of the privately owned establishment is an additional illustration of the role a community or co-operative can play in providing non-profitable goods and services (this case was also cited in the 1991 study).

Despite the importance of the co-op or credit union providing these services, all those interviewed stressed the fact that if their co-op or credit union disappeared, the likelihood of it being replaced would be very low. Simply put, the cost of starting a new co-op would be prohibitive. Interviewees also noted, however, that the chance of this happening is low because of the service these organizations provide.

### **Strengthening the Regional Economy**

As was the case in 1991, the co-operatives and credit unions in the communities surveyed have not actively considered additional types of economic activity that might be carried



out in their communities. As mentioned above, a number of people are exploring new hog-feeding facilities, but this is on an individual basis rather than on behalf of the co-op or its members.

The activities that have been undertaken have generally been on a reactive basis, or have been provided by others from outside the local area. One of the communities that lost its elevator felt that perhaps a bulk loading facility should be investigated; interestingly, a similar view was expressed in 1991. This community also thought that the co-op might follow the lead of Naicam Co-op and examine custom combining. One of the other communities had adopted a new program introduced by Credit Union Central, whereby cattle producers could retain ownership of their cattle through the feeding stage.

### **Building and Sustaining Community**

Co-operatives and credit unions play an important role in the social cohesiveness of the communities examined. At the same time, it was evident that the community nature of a centre was key to the success of the co-ops and credit unions it supports. This interrelationship was revealed in the following comments:

- “I enjoy going and talking to the local elevator agent. I wouldn’t travel to [location X, which has a large inland terminal] to do that.”
- “[Our village] would be dead if the co-op and credit union were gone.”
- “If the co-op were not here, we would have to travel elsewhere, which would take us out of the community.”
- “[The co-op] is coffee row.”
- “Eventually that community cohesiveness just fades away if businesses move away.”
- “The co-op is the community. Without a school or elevator, [there] is nothing else.”

Given the dominant role that co-operatives play in these communities, it is not surprising that the co-op, credit union, or local store is essential to maintaining community

cohesiveness. The importance of the co-operative or credit union, however, appears to go beyond simply being another business. The comments above indicate that community is valued and that co-operatives play a role in maintaining a sense of community. They also indicate that community is viewed as part of everyday life, of people interacting with each other as they go about their regular business.

### **Networking and Diversity**

Although not explored in 1991, networking was examined in considerable detail for the current study. With a few exceptions, members generally do not see their co-op as a source of networking possibilities. The co-op is occasionally used to find information on the price or quality of a product, or as a local network to find someone or to relay a message. Beyond these limited cases, however, most people increasingly look outside the community for connections, or use specialized networks within the community—such as marketing clubs—for connections and information related to specific items or issues. The co-op is not seen as providing the same types of connections as those offered by other networks available.

As with the general membership, board members generally do not see the co-operative network as a source of ideas and possibilities either, reporting that they rarely meet with their counterparts on other co-ops except at annual conventions, and then it is only with the delegates.

In contrast, co-op managers appear to have developed extensive networks among their colleagues, and more importantly, with suppliers from FCL and elsewhere. These networks are used to order things requested by members and to keep track of the competition.

At a more general level, those interviewed indicated that the declining population greatly reduced the possibilities for connections with other people in the community. As was pointed out in “Networks: A Conceptual Model” (pages 34–36), changes in the number of nodes in a network have a nonlinear effect on the number of connections. As the

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population of a region falls, therefore, the number of networking possibilities is expected to fall by an even greater amount.

Given that sustainable communities require strong networks, declining rural populations are likely to severely limit the ability of these communities to maintain themselves. This lack of community network possibilities is also consistent with the observation that people are being spread too thinly in leadership positions; that people do not have sufficient time to serve on all the voluntary organizations in the community.

Diversity and conflict are two other issues that were not examined in 1991. Everyone interviewed agreed that diversity within their community and co-operative was important, and indicated that their co-op or credit union had been trying to encourage a wider mix in terms of age, gender, occupation (e.g., nonfarmers), and geographical location. The reasons cited included a need for new perspectives and better representation of customer groups.

In particular, several people indicated that their co-op had been trying to get more women on the board. While some boards had been successful, others identified a number of obstacles, including the suggestion that women sometimes do not believe they are adding anything new to a board, and the fact that couples often divide up their community responsibilities, with the women taking on roles in other organizations.

On the question of conflict and the manner in which it is handled, most people were unable to accurately describe how their community managed difficult situations, and none had set procedures for dealing with them. When descriptions did emerge, no patterns were discernible. One community said people did not usually discuss issues of conflict openly, while another reported that there was often a heated discussion, after which the minority went along with what the majority had decided. One example described people listening to concerns and then changing their minds to accommodate them; and another, a situation in which conflicts between younger and older members led to a group within the community folding. One group linked conflict to a fear of change, saying, "Things are changing; people are looking at new ideas."

The issue of conflict also had a spill-over to leadership, with two group noting that criticism was crippling leadership within their community. Nobody was coming forward to run things because they felt they could not make an impact.

### **Community versus Self-Interest**

The importance of community in the lives of people can be further explored by examining the degree to which residents act in their own self-interest or in the interest of their community. The notion that people see a connection between community and self-interest is found in comments such as:

- “I’m willing to pay a little more to have service.”
- “Big guys don’t shop locally. Never did, but there are now more of them.”
- “If we don’t use [the co-op], it won’t be here.”
- “People are pressured economically. [They] do look for better prices. [They] don’t buy at the co-op sometimes.”
- “There was a lot more socializing thirty or forty years ago than now, visiting neighbours. People have got too busy [today].”
- “With the elevator gone, loyalties go—[people] go to the place where the best price is.”

One of the themes running through these comments is that people appear to realize that the decisions they make have an effect on their community, and that they can control this to some, albeit a limited, degree. There were concerns about larger farmers being more interested in the best price; that farms are becoming bigger and that with a loss of population, keeping a sense of community is becoming more and more difficult. In short, those interviewed felt that community was important, but that it was increasingly difficult to maintain.

### **Local Control**

The issue of local control is closely related to that of management. As in 1991, one of the themes that emerged from the interviews was the importance of retaining local control. It

was strongly felt that the local board and management understand the local individuals and situations; that local control provides a sense of doing something that is meaningful; and that local control leads to greater loyalty.

A number of co-operative leaders felt that their co-ops were still in business because they had resisted take-over attempts in the past. References were made to problems dealing with FCL ten to twenty years ago, and how FCL's philosophy has shifted more recently towards a view that locals should remain autonomous.

While the importance of local control was highlighted, the communities also noted that in all co-operatives, local control was increasingly being given up. As one group commented, this loss of local control may be hampering efforts to find board members: "Why use valuable time to solve things when decisions are made elsewhere?"

A number of the groups pointed out that a loss of autonomy was sometimes beneficial, indicating that FCL's bulk facility had been good for their co-ops, and also that credit union amalgamation had been a good thing where it had occurred: "[Although we] lost a day of service, the service on the other days is better." The communities also spoke positively about FCL's role in providing a wide range of goods and services at competitive prices, and the importance of patronage payments from FCL in enhancing the co-op's bottom line. At the same time, the question was raised as to whether FCL's ability to return such dividends was the result of paying too much for fuel in the first place.

As was pointed out in 1991, these comments say as much about community cohesiveness and the ability to attract and hire good managers as they do about the benefits of local control per se. As one group put it, "[The] decision is still at the local level to give up being independent." Although this is difficult to quantify, the impression is that those co-ops that had exerted local control in this type of situation had less of a sense that their control was being eroded.

### **Management and Leadership**

As in 1991, all of the communities surveyed emphasized the importance of good management. As someone noted, "Every business is vulnerable to having a poor staff. We have

been really fortunate to have a good manager.” In another community the comment was, “Good managers are hard to find. [It] is hard to pay them what they’re worth.”

While these remarks appear to place a lot of the responsibility for the success of the co-operative or credit union on its manager, all the communities recognized that the responsibility for getting good managers rested with the co-op boards.

- “The more [the board] puts in, the more [it] gets out. [The] board needs to pay attention to issues, to be in close touch. If things [are] going well, the board often lays off.”
- “Management tends to be less interested in how business is doing. This is a board responsibility. The board does have a vested interest.”

Interviewees clearly understood that the goal of management was not necessarily to have the co-op make large returns. As was pointed out in one community, “[The] top goal [is] not necessarily making top profit. Rather, [the goal is] providing whatever services members need. [Do] not take too big a margin, but be safe and be able to give something back.”

These comments clearly indicate the intricacies involved in managing a co-op, even in smaller centres. Managers may have their own objectives, a situation that would require constant monitoring by the board. At the same time, the directives given to managers are not simple ones such as “maximize earnings.” Instead, a good manager must balance financial viability with service to members.

When the question of leadership was raised, all the groups interviewed expressed concerns about getting people to run for elected positions in their communities. The common sentiment was that falling populations were making it increasingly difficult to get people to serve on boards. The view was often expressed that people were being spread too thinly; that people did not have the time to serve on all the boards that are required to keep a community running. Comments were also raised about the complaints and criticism often directed towards leaders, which were discouraging people from becoming involved.

The issue of time is especially important, given the consolidations in areas such as health care and education, since travel time to meetings is often substantial. One group noted that organizations are relying less on volunteers and doing more on a paid basis.

Different kinds of leadership are required. At one level, people need to take the lead in voicing opinions, which can be difficult given that people no longer seem to even have the time to talk to each other. Business skills are required to start new enterprises and keep existing ones operating. One comment suggested that what is really needed are followers—people who will take on the task of doing things. This group has dwindled in size, however, given the drop in population. People also need the ability to recognize what can and cannot be done. As the “Leadership Development Survey” ( page 158) shows, the degree of control people feel they have is also a factor in the types of leadership roles they may be willing to undertake.

## **Westcentral Area of the Grainbelt**

Researchers studied three communities in this area. Two of the towns are medium-sized (with populations of approximately 2,500), and belong to the Partial Shopping Centre category. The third is very small (fewer than 25 people) and belongs to the Minimum Convenience category (see Appendix A).

In the smallest community, a consumer co-operative provides the only services available. These are fairly extensive, ranging from farm inputs to groceries, with a minimal inventory of latter items. There is also a curling rink and community hall, both organized as co-operatives, although since the 1991 study, the curling rink has not operated on a regular basis and has recently been advertised for sale.

The larger towns offer most producer and consumer services, with some variety and brand-name choice. The co-operatives are very strong in one town, with the consumer co-operative offering a full range of services, the credit union holding most of the financial business (despite the presence of three other financial institutions), and the large agricultural co-operative operating a farm service centre and elevators. In addition, the commu-

nity has a co-operative farmers' market and a co-operative Small Business Loans Association. The town has held its own since the previous study, and while some businesses have closed, others have opened to replace them. The town's school-age population has declined, but numbers remain up as a result of children being bussed in from surrounding communities whose schools have recently closed. The consumer co-operative is doing very well, having paid down the majority of the debt incurred in previous years. Since the 1991 study, the credit union has grown through amalgamation from a single-district credit union to include branches in ten communities.

While the other town does not have a consumer co-op (it closed in the 1970s), it does have a strong credit union and the agricultural co-operative's elevators. And although the co-operative health clinic is no longer operating (it was one of the first formed during the early 1960s), a community clinic association remains in existence. The community has experienced a period of stability and some growth since the previous study, and as it is located on both CP and CN mainlines, the railroad is a major employment provider. The ag co-op is a minority shareholder in a large malt plant, which has undergone significant expansions in the past five years. In addition to the direct employment provided, many spin-off businesses, such as trucking, have developed. A local consortium opened a greenhouse, which operates independently from the malt plant, but benefits from its access to lower natural gas charges.

## **The Social and Economic Role of Co-operatives**

### **Competitive Goods and Services**

In the more isolated areas of the province, co-operatives have a significant role to play in the provision of services at competitive prices. The one very small community included in this group relies solely on the consumer co-operative for services, and it manages to provide a full range of them despite the small size of the outlet. Orders can be placed for any product carried through the co-operative wholesaler, and the prices are competitive. To remain competitive with other co-ops and independents in the trading area, however, the



co-op has had to become increasingly aggressive since the last study in providing services related to farm inputs. To do this, it has added custom chemical application, and entered into an alliance with two other retail co-ops to build a jointly owned bulk-fuel plant. Along with the near annual need to upgrade facilities, stringent environmental regulations are stressing the already resource-short co-operative with the requirement to do daily bulk-tank testing and file yet more paperwork. Despite the added difficulties, the co-op has managed to remain strong, and has also been able to pay out significant patronage dividends (as high as 7 percent) over the past seven years.

In the larger communities, the presence of the co-operatives is useful in providing competition for the privately owned companies, but they are not guaranteed loyalty if their pricing is out of line.

The credit union in one of the larger towns has been adding services, while the three banks have been consolidating theirs—reducing the number of tellers, removing general managers, and shifting their focus to electronic services. Reaction to the reduced access is reflected in the following account of customer dissatisfaction:

- “The owner of a small business in town, which is located across the street from the [name of] bank, phoned the bank to make an inquiry regarding an account. She soon realized that she was not talking to a staff person at the bank but to someone in the bank’s call centre, located in the south of the province. After repeated delays as she went through one security clearance after another, she finally walked across the street in disgust to obtain the answer to her question.”

The credit union is seen as an important part of this community, holding half of the deposit market in town.

- “The closure of the credit union would be a tremendous blow to the community, far greater than the loss of the consumer co-op.”

Unlike the banks, the credit unions will not “do deals,” as it is not part of their philosophy. And although they may have lost somewhat in mortgage lending because if this, they have held their position in agricultural lending, maintaining 50 percent of the market in this area.

Similarly, the agricultural co-operative is an integral part of the community. Although some members were upset with its decision to sell shares, many remain loyal.

The credit union has expanded substantially in one of the larger centres. The amalgamation is the result of negotiations and discussions among five rural credit unions faced with the long-term prospect of reduced influence and reduced access to financial services. Members were demanding more services and better prices, and were willing to travel greater distances to obtain them. The management and boards of the credit unions involved determined that amalgamation was the most effective way to meet their objectives—enhanced service delivery, wider geographic area for attracting members, elimination of unnecessary duplication, economies of scale, access to specialized services—while at the same time preserving the essential elements of autonomy.

### **Provision of Goods and Services Not Otherwise Provided**

In the smallest community, it makes economic sense for the co-op to provide services that profit-oriented businesses cannot. The decision regarding what services to provide, however, often presents a major challenge for the co-operative, as evidenced by the following comment:

- “It is difficult to decide what services we keep. For example, the amount of gas pumped is so low that the revenue is less than the cost of insurance. However, would people keep coming without a full range of services?”
- “We are trying to maintain service without just looking at the bottom line. We will continue to carry groceries even though it creates a lot of work for staff.”

In a very small community, such as the one in this study, the provision of credit is also important, but the co-operative may find itself assuming the role of a bank, in many instances without desiring to do so, and at great risk to the viability of the organization.

- “A lot of younger members have used the store as their bank.”

A commitment to community may also lead to investment in facilities that might not be considered if the bottom line were the only criteria. When the original curling rink in

the small centre burned in the early 1980s, for example, local citizens decided to rebuild, using insurance money and available grants, despite concerns regarding declining population.

As community-based businesses, co-operatives face increasing pressure during tough economic times to provide goods and services off-loaded by noncommunity-based enterprises. The credit unions in the two larger communities indicated that they are feeling the pressure to take over farm and commercial debt, almost as a show of good faith to the community. This can be a double-edged sword, for although they do want to show support for the community, they do not want to increase risk to their depositors.

- “During the late 1980s, the banks really tightened up on their lending in the agriculture sector. The credit union gained farm accounts during this period. People who had never dealt with the credit union—who probably did not believe in the credit union—came over because the credit union would deal with them when the banks would not.”

Co-operatives and credit unions are also willing to provide service to communities when the private sector leaves:

- “We have just opened a branch in [adjacent community]. When the Royal Bank left town, the community wanted a financial institution. They approached some of the other banks, but only the credit union agreed. We have approached it very cautiously, and not with a full range of services to begin with. As a result, we have gained four hundred memberships, in most cases new to the credit union.”

Aided by the innovative use of technology such as ATMs, MemberCard debit cards, RFI Terminals, MasterCard payment cards, and Teleservice, the amalgamated credit union has been successful in continuing to provide service to ten communities, some of which are remote and not serviced by any other financial institutions.

### **Strengthening the Regional Economy**

The credit unions in both of the larger communities have been involved in supporting the development of new enterprises. One of them is willing to provide financing to riskier

ventures if there is job creation attached, such as supporting the initial start-up of a local greenhouse. Although the venture failed, new owners have recently put it back into production.

- “The greenhouse was seen as a risk, but a good venture for the town nonetheless. We are also willing to lend money to local investors for several hog barns going up in the area.”

The hog barns, some of which are initiatives of a subsidiary of the agricultural co-op, have sparked a lot of controversy:

- “The credit union was fortunate to have gotten its branch up and running prior to the controversy hitting its highest point. The community split could have prevented the credit union from getting established.”
- “This kind of community investment is good—it’s a win-win for everyone. The barns are going up, employing all the local people who want to work there. Businesses benefit, the town gets lots of jobs, housing construction is booming, the hotels and restaurants are full.”
- “When I look at my fertilizer bill, the input savings from having a hog barn on my property looks very attractive. Not only that, but it creates jobs—my daughter is working at one now. I would like to initiate a project, but a barn that was proposed east of here was met with such resistance by my neighbours that I do not want to run the risk of turning them against me.”
- “The hog barns will go in anyway. Who do we want to own them? If Heartland did not, outside investors and corporations would be doing it.”

The amalgamated credit union, newly formed since the previous study, identified community development as a component of their mission statement, and have made a commitment to taking a leadership role in promoting social and economic community development. On the social side, they contributed in excess of \$33,000 in one year to various community-based events in their ten communities, ranging from scholarships and community fundraising events to social and sporting activities.

On the economic side, they provided partial financing to a seniors’ housing complex and initiated a community development process in three branch areas, which will involve the three village councils and their rural municipal council working together to formulate

a partnership plan. In the past year, the credit union invested \$50,000 in the Value Added Industries Community Bond Corporation, with the credit union president and two staff members sitting as members of the board.

### Networking and Diversity

Size of community seems to have an influence on the perceived social role of co-operatives and the contribution they make to community cohesiveness. In the smallest of the communities examined, where there had been a long history of co-operative community activity, the store was more than just a point of business; it was the social and economic hub of the community. Residents went there to pick up their mail, have coffee, and catch up on community news or plan events:

- “People come to the store to talk.”
- “I go to the store to talk to Shirley.”
- “[Community name] is a unique place—it’s a social place for people to go. Even if [the manager] left, the store would survive. FCL told us that the store would not survive without [an earlier manager]. He left and we found another one. When [the next one] left, we were told again it would not survive, but it did. Membership loyalty to the store is very strong.”

It was felt that the community was friendlier and more generous because of the co-operatives. The consumer co-op staff is willing to provide good customer service, even though there seems to be insufficient time to deal with all aspects of the business. Those who sit on the board—among whom there are both male and female leaders—are now third-generation co-op members, whose parents and grandparents founded the institutions. The decline of population has made it difficult to recruit volunteers for the store and recreation co-op boards, especially when many families have members who work off the farm. Despite the challenges, however, people continue to feel that it is important to participate in the co-operatives:

- “I would not sit on the board if it were not for a sense of community.”
- “People sit on the board because they think they can still make a difference.”

But in spite of the willingness to continue to serve, the impact of networks in decline is nevertheless beginning to show. The community has had difficulty finding volunteers to operate the recreational facilities; usage has not covered the costs of operating the ice plant; and it is difficult to raise money for needed renovations to the hall. The number of children in the neighbourhood has declined dramatically, and for the families who remain, the focal point for most activities is the next town, which has the school and more modern recreational facilities. It is uncertain, in fact, how many community activities will occur in the co-operative hall or rink in the future.

A former ag co-op delegate added his observations regarding the impact of community networks in decline.

- “In the past few years, there have been very few people living in the district during the winter. Last year we lost six families on one road because they moved into [the larger community] for October to April. People move to be closer to school and so their children can participate in school activities and sports. As a result, there is no one around to support community events.”

In the larger centres, the majority of co-op community activities are of the good corporate citizen nature. They support local clubs and events financially, and also participate in parades and other community events. The manager of one credit union co-chaired a series of Unity Meetings with the local MLA. He is particularly supportive of his staff's participation, encouraging each employee to take a special “Community Day,” which allows them to work at a cause of their choice in the community.

Running a branch operation means providing financial contributions and support to branch communities, as well as to the central credit union's locality.

- “When we opened our branch in [name of community], we were asked if we would sponsor a scholarship to the school there, and we agreed. We have always been involved in their community fair and will continue to be involved in other activities.”

Finding people to run for the co-op boards and local committees is not quite as difficult in the larger communities, but it may be more of a challenge to add diversity to the

composition of the boards. The ag co-op delegate mentioned that they had had success in attracting younger farmers to the local committees in one of the towns, although women were severely under-represented. And because they had successfully begun a number of specialty committees—such as livestock—they were considering organizing a women’s committee. In another community, a former delegate indicated that he had replaced a woman when he assumed his position, but that the overall percentage of women within the delegate body was very low. He also wondered if women would ever be elected into board positions, since men whose ideas were inconsistent with the traditional view were considered to have little hope of being accepted by the old guard.

In one community, the credit union currently had two women on the board, out of a total of ten; there had been three previously, but the board was having difficulty recruiting more. In the other large community, the board had only one female member, out of a total of nine. Women’s participation was very high on the advisory committees associated with the nine branches, however, ranging from 40 to 100 percent.

### *Linkages*

The credit union in one of the larger towns is currently investigating its first partnership with credit unions in other communities.

- “We have given management the go-ahead to investigate where they might begin to work together to provide services. We felt we had a lot in common—our credit unions are similar in size, similar communities, problems, philosophies of our boards.”

And while formal partnerships with other co-ops have not been part of the credit union tradition in this town, they have provided banking services and financing for the consumer co-op and to members wanting to invest in some of the hog barns, as well as meeting space for the agricultural co-op committee.

The amalgamated credit union is a strong example of how to build successful linkages. The negotiations among the five founding credit unions were approached from the perspective of a partnership, the assumption being that they were coming together in order to

succeed in the future. The new credit union has continued this pattern, participating in the CCA Linkage Partnership Program with a credit union in Ghana; a partnership with seven other credit unions in an Automotive Dealer Finance Program; and a similar arrangement with Co-operative Trust Company of Canada to deliver Estate Planning Services.

In the smallest community, where the presence of co-operatives is strongly felt, it was recognized that co-ops do have an obligation to pursue social change. Study participants could see the potential for co-operatives to provide health, child, and elder care.

### **Community versus Self-Interest**

In the smallest community, there was no doubt that the residents made a concerted effort to support the local store rather than taking their business out of the community. The same could not be said, however, of the local curling rink, which had been rebuilt in the early 1980s, complete with artificial ice. Over the past seven years, the high cost of operating the plant and a scarcity of volunteers to run the facility, coupled with insufficient support in the community, have made it difficult for the recreation co-op to justify putting in the ice. The board has only recently come to the difficult decision of putting the rink up for sale. Although it was suggested that the decline in the local population was the major factor, it would appear that while people are willing to support local economic services to keep them alive, they are not as willing to patronize local recreational services if there are others within driving distance. And whereas the community could once count on many driving from the next town to participate in bonspiels or attend the annual fowl supper, it is difficult to get anyone out these days.

- “There are not as many kids in the neighbourhood. People are willing to drive much farther, and the focus is [the larger adjacent community].”
- “Interest in the community is starting to disappear; you can’t plan an event without knowing first what is happening in [adjacent town].”

Issues such as whether or not to provide volume discounts have caused the retail board to examine its co-operative values and the importance of loyalty. While board



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members feel that their policy of not providing volume discounts may have cost them some larger customers, they have concluded that these people were likely not loyal co-op members to begin with, since their interest was in receiving an immediate price reduction.

The larger communities studied in this area seemed to be fighting a losing battle with commitment to community, with people apparently willing to drive to nearby centres for almost any good or service. Lack of visibility in larger communities may encourage people to shop around for better prices, whether it be for grain delivery, farm inputs, or grocery items. Deregulation of the transportation system has provided even greater incentive for producers to utilize trucking companies to ship their grain wherever freight rates might be lower, or the protein premium higher. And if you don't haul your own grain, where you take your business is even less visible to the community, and therefore far less subject to community pressures to patronize local facilities.

In response to the effects of deregulation (rail-line abandonment, elevator closures), some producers are attempting to establish short-line railroads and producer-owned terminals. The unfortunate outcome is often direct competition with the co-operative that the producers feel has abandoned them.

A broader definition of community, with wider-ranging community boundaries, may be required in the future to maintain a focus on community benefit. The members of the amalgamated credit union, for example, have been encouraged to work for the benefit of the region, not just their home community.

### **Local Control**

Local autonomy is a fiercely protected notion in the smallest community's co-operative. Members successfully fought amalgamation with a larger store nearby and attribute their current strength to that accomplishment. In the previous study, the board expressed concern about pressure from the co-operative wholesaler to amalgamate their bulk-fuel operation with two other communities (both of which would be more than twenty miles away) in order to meet new federal environmental regulations. At the time, residents felt that

this would remove an element of control over their local operations, making them less responsive to the concerns of the immediate community. Experience during the past seven years has confirmed their initial fear that it would be a mistake; they have lost some control. The wholesaler is currently promoting the extension of volume discounts, an issue to which the current board is philosophically opposed.

- “We have had to fight to retain control on many issues, from where the manager’s house was built to the purchase of a fuel truck.”
- “We take pride in our independence and try to tailor our services to the community, but we do have constraints.”

The desire for local control provides evidence that co-operatives can serve their communities better than businesses with an outside orientation, such as branches of the larger chains. Comments such as the following support this:

- “There are rumours that the [bank] will be gone soon. They have reduced their hours by half, to one hour per day, and gone to a system where callers get [a distant location] when they call. Customers are feeling the loss of personal contact/control.”

A representative of the credit union commented that to serve the community in the way that is expected, co-operatives have to stay small enough to retain contact with the local community. He described a situation in which a credit union in an adjacent community had amalgamated with its counterparts in a number of other centres. Members in one of the branch communities indicated to him that initially there had been a lot of dissatisfaction with the amalgamation—a feeling that the quality of service had declined and that the community was removed from decision making. While recognizing that the desire for autonomy could go too far—such as credit unions that would rather die than amalgamate—branches at the same time needed to feel that there was a genuine representativeness about the democratic structure. The branch in question does not have formal regional representation, but one member of the board is from that district, and the board is looking for another. And although the annual meeting is held in the central community, an information meeting is held in the branch community the night before.

Representatives of the amalgamated credit union indicated that a significant motivation for the amalgamation had been the fear that urban credit unions would swallow up the small rural branches, or draw the rural business if those credit unions were unable to provide the services demanded by their members. There was also a concern that urban credit unions would not be sufficiently responsive to the unique needs of the farm members. Amalgamation of a number of larger rural credit unions, they felt, would preserve the strength of the rural system that served farm needs so well. In doing this, however, preserving the autonomy of the initiating communities was considered critical, and could be partially achieved by establishing a new credit union, with a new name and a new board. The establishment of advisory committees at each of the branch locations was also critical, and the intention is to have regional representation in the future.

- “Our member control structure must be such that when local conditions vary, local solutions apply. Members must have access to identifiable representation.”

### **Management and Leadership**

Examples point repeatedly to the importance of good management, both paid and volunteer, to the success of co-operatives. In the smallest of the communities studied, the current manager is highly educated and skilled. Management within the wholesaler would like to move him up in the system, but with family ties, he wants to stay in the community. Those interviewed felt the store would not run nearly as well without him; he provides not only services through the store, but also farm-management advice and assistance, and since the previous study, is also operating the custom chemical applicator.

- “[Manager’s name] is the store. He has really good product knowledge. If members didn’t get the service they do, the store wouldn’t survive.”
- “[Manager’s name] is quite bottom-line oriented, while at the same time very compassionate toward the members. He deals only with FCL.”

Both management and board were identified as contributing equally to the success of the credit union in one of the larger centres:

- “You need good management to provide sound financial advice, but you also need management that is committed to the ideals of co-operatives. If you don’t have managers who believe in co-op principles, the whole system gets in trouble. However, you also need boards who believe in the principles and who represent the best interests of communities.”

The ability of management to demonstrate vision and leadership was essential to the successful amalgamation of five credit unions into one. The managers understood that credit unions in the area would have to co-operate more effectively in the future if they wanted to survive. In addition, management’s willingness to stand out of the way, and in two cases, to tender resignations in the best interest of the total system, allowed the amalgamation process to occur.

Finding volunteers to serve on the three co-op boards is a real challenge in the smallest community. While some attribute it to lack of numbers, others suggest that many simply are not willing to take on the responsibility.

- “Volunteers are lacking. There are just not enough families to carry the load.”
- “There have been empty spots on boards for two years now, and no one will do it.”

And even when volunteers do come forward, many feel that today’s board members have a different attitude from previous generations.

- “It takes a lot of time and energy to keep voluntary organizations going. The older generation were the “pioneers”—they were willing to take the time.”

Despite these concerns, people do feel that this generation has important contributions to make:

- “The members of the co-op board are younger, more progressive, prepared to take some risk. They were willing to invest in custom application equipment to keep their co-op competitive.”

Serving on a co-operative board in a small community brings with it the usual stresses and the potential for conflict, when close neighbours or family members both sit on the board and work within the co-op. Two family members who at different times had

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chaired the board indicated that they had had to resign because it was so difficult to keep business separate from their personal life. They also commented that it is difficult to be tough with accounts receivable when those in arrears are neighbours or friends.

Supporting board members by providing leadership training was identified as an important contribution to the success of the co-operative. Although his committee members had not taken advantage of the many leadership development opportunities provided by the ag co-op, one delegate interviewed for the study was proud that one of his committees had been chosen as a pilot for a committee revitalization initiative. These pilots will focus on seven aspects considered essential to member involvement: membership, policy and strategic guidance, marketing information exchange, image, problem solving, leadership development, and business development.

In the community where credit union amalgamation occurred, the board clearly understands the requirement to show leadership and vision. Two of the initiating boards did just that when they concluded that they would have to look beyond their communities towards the district and region for long-term viability.

## **Northeast Area of the Grainbelt**

Researchers studied three communities in the northeast grainbelt. The largest—a Complete Shopping Centre—is a city with a population of just over 6,000; the second, a town of just over 900, is a Full Convenience Centre; and the smallest, a village of approximately 550, is a Minimum Convenience Centre. By comparison, the 1991 study examined two Complete Shopping Centres and one Full Convenience Centre.

The city (the Complete Shopping Centre) offers most producer and consumer services, complete with variety and brand-name choice. The co-operatives have a strong presence in this community. The consumer co-op is well established, providing a full range of services, with the exception of furniture, and anchors a large shopping centre. The credit union holds a strong share of the financial market in the community, and is continuing to provide a full range of services, while adding branches since last studied in

1991. A large agricultural co-operative maintains a farm service centre in addition to elevator facilities, and the community is also home to a Small Business Loans Association (SBLA).

The town (the Full Convenience Centre) provides consumers with groceries (two stores), gasoline (four outlets), lodging (two facilities), meals (three outlets), financial services (two), and a variety of other smaller service industries. Farm equipment (although only one brand name), bulk fuel, and building materials are all available to producers. The town also supports a number of small-scale industries. The co-operatives have a strong presence in this community as well, with a credit union, an SBLA, a retail co-operative offering a full range of services (with the exception of clothing and furniture), and the agricultural co-op's elevator. Since the previous study, the credit union has become a branch of its counterpart in the Complete Shopping Centre. The community has a school, three churches, senior citizen housing, two community halls, a skating and curling rink, and a number of active service clubs.

The village (the Minimum Convenience Centre) is unlike many in this category due to the presence of a large farm-equipment manufacturer, which provides employment to a radius of approximately thirty miles. The community has a higher average income level than the province as a whole, and identifies its most pressing problem as providing sufficient housing to all those who would like to live there. The ethnicity of the region is predominantly French, and the village has only a Catholic church. This centre provides a fairly good cross-section of services, including an SBLA, and has a school, a bowling alley, community hall, and seniors' centre. Although it could not be considered a strong "co-op community" historically, the co-operatives have come to play an important role, with the consumer co-op now being the only grocery store in town, and the credit union the only financial institution. Both have renovated their facilities in the past two years.

## **The Social and Economic Role of Co-operatives**

The northeast area is home to one of the oldest co-operative associations in the province. It was formed in 1914 as a Grain Growers' Association, in response to perceived inequities

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in treatment as both consumers and producers. The association began with shipments of twine and later brought in apples, sugar, and flour by the barrel. Shortly afterwards, members started a livestock pool to ship to Winnipeg, when drovers of the day did not seem to be offering fair prices for cattle and pigs. They added oil in 1921 and groceries in 1925.

### **Competitive Goods and Services**

The consumer co-operative in the largest centre is still strong, but it is being increasingly challenged on many fronts. In the seven years since it was last studied, the grocery section has been expanded substantially; at the same time, the furniture and hardware section of the store was cut back to the point of being almost eliminated. Additional services such as custom combining and spraying have been introduced to remain competitive in the agro market. The additions and modifications to services seem to be working, and in the previous year, the co-op made its first general dividend payout. A recent expansion by a national grocery chain, however, accompanied by an aggressive challenge for market share, has resulted in the worst year for sales in the history of the co-op. The manager seemed confident they would weather the storm, but recognized that the co-op would have to make careful strategic decisions regarding pricing and provision of services in order to do so. Their ability to provide credit, and other programs directed toward “accommodating people,” he felt, were integral to holding market share, while also attracting new members, in particular young couples and families in more difficult financial circumstances. One of the board members indicated that the challenge for market share, combined with the need to maintain a presence in the competitive ag-services market, has made the bottom line “more and increasingly important.” The co-op’s strategy, he said, “would have to be more aggressive, offering competitive prices and good service, while creating strength in areas of traditional advantage.”

While competition was a factor in the medium-sized community, there was a difference in the way in which the role of co-operatives was perceived. Residents felt that the presence of the co-operatives strengthened their community, but were concerned at the same time that they not undercut other similar businesses.

- “The board of directors has said be aggressive, but don’t hurt any of the other businesses.”
- “We like the competition and don’t want to shut down [the owner of the private grocery store]. He opens on Sunday; we chose Thursday night.”
- “We consider [the Complete Shopping Centre] and [the Primary Wholesale-Retail Centre] to be the competition, not our local town.”

The consumer co-operative did not seem to be as concerned about competing with the local ag co-op elevator, however, as it did with other privately owned businesses in the town, and as a consequence, the level of competition between the two was very high. The consumer co-op successfully introduced a variety of custom services for its farm-supply customers, and was looking to add more, as well as offering a complete range of farm inputs. It is in good financial shape, making regular patronage dividend payments of up to 5 percent. Since the previous study, the grocery store has been renovated with the addition of a garden centre, and the home centre has been expanded and made more “woman friendly.” In addition, an agro centre with a resident agronomist has been developed, and staff are currently considering the use of satellite technology to provide soil-testing services to members.

In the smallest of the communities, a member of the credit union board remarked, “The pressure is on. We have to offer services [to remain competitive].”

### **Provision of Goods and Services Not Otherwise Provided**

Two of the co-operatives studied in this area and two of the credit unions had branch operations in other smaller or adjacent communities. Some of the branches had been acquired when outlying communities approached the larger to amalgamate in order to provide more services, or to assist in maintaining the service in the smaller community. Others had been established by the central co-operative or credit union at the request of the smaller community when a privately owned business had closed, leaving them with reduced or no services. Notably, in the seven years since the previous study, the larger credit union had been adding services, while the banks (three) had been consolidating,



reducing the number of tellers, removing general managers, and shifting from personal to electronic services. And like the larger credit union, the smaller one had acquired a branch in an adjacent community, which had formed their credit union when the bank moved out.

The branch relationship cast most of the co-operatives in the role of having to consider the needs of not only their immediate community but also those of communities as far as twenty miles away. This added another dimension to the decision-making criteria for the co-operative organizations. The way in which the branches were treated seemed to be related to the overall philosophy of the board and management. As shown by the following comments, some saw the branches not as a burden, but as an opportunity to assist the other communities and to provide services that would otherwise not be there:

- “We didn’t know what to do—buy out the competition or sell to the competition. The dilemma is, do we drive them out of business, or do we abandon the community? As long as the wholesaler is profitable, thanks to our patronage refund, we can run [the branch] at break-even.”

And while the decision whether to open or close a branch presented a significant dilemma, it was recognized that there were also spin-off effects for the central community:

We chose to open the cafeteria to try to turn the store around, which was losing money, rather than close the store. It looks good now. We have later hours of opening for the supper hour and the cafeteria seems to have brought in new business. We decided not to close the branch because our community would not have likely picked up their business. The local people would have just got mad and taken their business elsewhere.

This particular branch operation is well maintained, with new siding and fresh paint, symbolic of the commitment of the larger co-operative to the members of the smaller community.

### **Strengthening the Regional Economy**

The level of involvement in community-development initiatives seems to be a product of the viability of the co-operative or credit union and the level of energy of the local

management, both paid and volunteer. Since the previous study was conducted, Regional Economic Development Authorities (REDAs) have formed around the province, and many, although not all, of the co-operatives and credit unions have become involved through their management and boards.

The relationship with branch organizations means that financial contributions and support are made to all communities, including the central one. Most of the co-operative organizations involve themselves in the community by donating to local clubs, providing scholarships and bursaries, and purchasing 4-H calves.

As noted in the 1991 study, staff involvement in community events was also seen as an important contribution to the viability of the community. In the medium-sized centre in particular, there was a great deal of emphasis placed on the involvement of the credit union staff in community events. As one manager said, "We want to employ staff who are prepared to participate in the community. The board emphasizes community involvement and will pay for staff memberships in local clubs." In the other communities, those interviewed talked proudly of their volunteer commitments, and among board members in particular, it seemed to be an indication of a good manager if he or she were actively involved in community events.

### **Networking and Diversity**

The composition of the elected boards in the study did not completely reflect the diversity in the membership, although involving younger members was identified as a priority, and some emphasis was placed on increasing the representation of women and visible minorities. Most of the co-operatives included in the study had one or two women on the board. One of the consumer co-operatives works closely with an adjacent band council, and the manager is willing to go out of his way to encourage business, carrying accounts for the band, and also assisting them to establish and operate their own store. A member of the band council was elected to the board for a term. Terms are unlimited, however, which means that turnover tends to be low, offering few opportunities to include under-represented groups.

Management of the co-ops and credit unions did not reflect the diversity in the community either. Although two branch credit unions had women managers, this was not the case in any of the consumer co-ops, large or small.

### *Linkages*

In the history of most co-operatives, you will find stories regarding the role of one in assisting the development of another. It is common to hear that the credit union started in the store:

- “The manager ran the credit union out of a shoe box in his desk drawer.”
- “The credit union’s original safe is sitting in the corner of my [store manager’s] office.”

With that history, it is not surprising that alliances with other co-operatives to provide new services, or to enhance the ability to maintain those already in existence, has again been identified as a necessity for survival, as well as an opportunity for innovation.

Using a new model, one of the credit unions was the first to develop a dealer finance centre, with participating dealerships in three communities. When a customer applies for financing at the dealership, the actual loan is processed through the credit union, which then sells the loan back to the customer’s local credit union. The first credit union is reimbursed for associated costs, while the local one actually administers the loan. The intent of the program is to co-operate with other credit unions, rather than take business away from them. The same credit union has joined with its counterparts in three other communities to share costs so they can offer teleservice to their membership.

Another credit union in the northeast cluster of communities established a subsidiary that offers innovative leasing arrangements around the province for items such as office equipment, commercial supplies, and even grain bins. Participating businesses call the credit department in the branch that operates the service to make arrangements for the lease. The branch then contacts a credit union in the business’s trading area and offers it the opportunity to finance the loan (“buy back the paper”). If the local credit union

declines, it is offered to another. As with the dealer financing centre, there is a sharing of both cost and opportunity, while keeping business in local communities rather than having it taken out of them. This same branch joins an adjacent, larger credit union to provide loans to large hog producers in the area.

Size, as well as the interests of the manager and board, may be a factor in the decision to engage in these kinds of collaborative partnerships. The consumer co-operative in the largest community had entered into only one such alliance, and had turned down a request by another consumer co-op to provide management services because they were, in fact, in competition with each other. In this case, it was suggested that other initiatives, such as the expansion of credit, were more important.

While joining with other same-sector co-ops to form federations for joint buying has a long tradition within the co-operative system, alliances with co-ops outside the sector, or with non-co-operatives, to provide new services or to enhance the ability to maintain those existing, are new. Some of the most innovative of these have been sponsored by the consumer co-operative in the medium-sized community.

One example is an alliance among the credit union, co-op, and town council, which resulted in keeping a bakery that would otherwise have closed, leaving the credit union with an unpaid mortgage, the town with one less business, and the community with one less service. The partnership continued until another buyer for the bakery came to town, and the business flourishes today.

The board and manager of this consumer co-op have adopted the philosophy that whenever the membership wants a new service, the co-op will look around for partners already in that business. The arrangement they propose is intended to increase service to members, while not putting the co-op at risk, and at the same time, strengthening an existing business. In the words of board members:

- “We don’t want to put anyone out of business.”
- “We need our community, and we need everyone in our community to survive.”

These collaborative arrangements have been made with other co-operatives—joint buying of fertilizer with two other consumer co-ops in the northeast; a joint bulk plant with four other consumer co-op associations south of the community—as well as with privately owned businesses. There is a partnership with two local contractors who purchase their lumber and other materials through the home centre to build Ready-to-Move homes, which are jointly marketed by the co-op and the contractors. There is an alliance with the John Deere company, which leases combines to the co-op that are then rented on an hourly basis to members. And there is another alliance with a local independent trucking firm to provide services to members. The manager indicated that the “co-op had always gone to the credit union for financing.”

Links to co-operatives outside the province and the country have been critical to the board’s willingness to become involved in many of the ventures identified above. The board’s operations committee has travelled to Manitoba and Alberta to tour both co-operatives and independent companies, as well as into the US to visit a large midwest co-operative.

### **Community versus Self-Interest**

Support for the co-operatives appeared to be strongest in the medium- and smaller-sized communities considered in the study.

- “People are very loyal [members] and would not want to see the store closed.”
- “If the credit union closed, it would be a very big blow.”

Small communities constantly deal with the pull of larger centres, with many residents torn between loyalty to the community and the financial benefits to their household:

- “We will drive into Saskatoon once a month to buy groceries and baby items because the savings to us are very significant.”

At the same time, the membership expects the co-operatives and the credit unions to support the community:

- “People expect the credit union to have community spirit.”

## Local Control

Local control was identified as central to co-operatives, but possible only if the co-op itself is financially strong. The consumer co-op in the largest centre had recently celebrated “paying off the mortgage” on the store location, and felt that with financial improvement, it was able to be more independent from the wholesaler. At the same time, members of the co-operative’s branch operation indicated that “many would like to see it run as their own co-op.”

Local contact and control also seem to determine whether or not co-operatives and/or credit unions are able to provide satisfactory services to their members. A credit union board member described his experience with a centralized, prepackaged, financial planning program offered by an adjacent, larger credit union:

- “It was set up too fast...members were not happy with the people who were coming out; they had a poor rapport with the members.”

To address this problem, staff at the credit union are studying to be certified financial planners themselves.

The desire for local control creates a dilemma for the co-operatives and credit unions with branches in smaller communities. One of the credit unions had established a representative structure to respect the need for local control of branches, and each community held its own annual meeting. Others that did not have formalized representative structures were faced with communities that were somewhat resentful about the insufficient local control, and were threatening to align with another credit union.

Since the previous study, the credit union in the medium-sized town had amalgamated with the one in the largest centre. The accompanying restructuring and job expansion without corresponding wage increases had upset the staff. Although members enjoyed the improvement in the variety of services provided, and perhaps made other gains in distancing themselves from loan approvals (there was no longer a local credit committee), many felt there was some loss of the “personal, local touch,” a potential problem, since it was also noted that the “local touch was important to keep the loyalty” of the membership.

The membership was also affected by the loss of autonomy and its own elected board, which seemed to manifest itself as a loss in community identity.

- “We noticed that the [larger] credit union [smaller community] branch hats were taken by the membership, but never worn. [The smaller community] hats would have been worn.”
- “We had witnessed the backlash that came when [another community] took down the [branch operation’s] old sign and erected the new sign. We decided to leave the previous sign up and it seems to have helped the transition.”

It was generally felt that the local credit union had been able to retain its roots in the community. This had been aided by the establishment of a three-member advisory committee to the branch operation, and a board member elected to represent the community to the larger credit union’s board.

There seemed to be dissatisfaction regarding loss of local control and input into the large agricultural co-operative in the community. One of the elevators had burned since the last study, and the local committee had lobbied hard for a high-through-put elevator. Since the community was not on a main railway line, however, the co-operative agreed to rebuild equivalent facilities, but not to upgrade them. The community took this as a lack of commitment on the part of the co-operative. Loyalty to the agricultural co-operative has been further eroded by subsequent changes in management and increased competition from the local consumer co-operative.

### **Management and Leadership**

All those interviewed agreed that management can make or break a co-operative or credit union. And it is not just the ability of paid management that is key; the support and attitude of the board are also vital. If the board membership is too old or has little turnover and hence few new ideas, the co-operative can become stagnant. This may also have a negative effect on the level of community participation in annual meetings and other co-op-sponsored community events.

The reverse, of course, is also true. One co-operative with a particularly dynamic

manager and supportive, younger board experienced high levels of community participation in member appreciation events, and has brought in new customers not traditionally co-op members. Their addition, however, has added a new dynamic

- “In [Complete Shopping Centre] co-op, the directors are Saskatchewan Wheat Pool supporters who view them as sister co-ops. In the [Full Convenience Centre] co-op, the directors are not Saskatchewan Wheat Pool supporters and they do not view them as sister co-ops.”

In the past, excellent management in the medium-sized community contributed to extremely high levels of through-put at the local co-operative elevator, despite the parent co-operative’s unwillingness to upgrade to larger facilities. The manager was described as a “tremendous builder,” who was involved in the volunteer fire department and many other community activities. A recent change in management has left the co-operative vulnerable to losing sales to the consumer co-operative in the area of farm inputs.

The importance of good management is further reflected in the following comment:

- “If the consumer co-operative lost the manager and a core of the board, much of the business would unravel.”

Recruiting new board members is difficult, and co-operatives and credit unions find it a particular challenge to attract young members to run for director’s positions.

- “We have fewer people, and our volunteers are being stretched.”
- “With two family members working outside the home, people no longer have enough time for volunteer work.”
- “Some people are uncomfortable knowing about others’ personal business.”

Recruiting members who can make positive contributions to the board is also a challenge. One former board member of the medium-sized consumer co-op said:

- “Co-ops have not attracted knowledgeable and capable people who are able to turn around co-ops and credit unions and differentiate them from other businesses. Members today are removed from the reasons that the co-operatives were formed, and do not understand what loyal members and co-ops can do together.”



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## Northcentral Parkland Area

This study site is a regional service and administrative centre. Its economy is based on a growing resident population, a large trading area encompassing surrounding rural communities, and the resource-based industries of the region, including agriculture, mining, forestry, and tourism. The settlement is a Secondary Wholesale-Retail Centre according to the functional groupings described in Appendix A, and is the largest and most urban community included in this report. It was not part of the 1991 study.

An important health, education, and commercial service centre, it also benefits from considerable employment generated by federal, provincial, regional, municipal, and aboriginal agencies. The people in the region use it for shopping, as a service centre, and for cultural and recreational purposes. It is also a gateway community for people and goods moving into and out of the North, giving organizations operating out of the town effective links with the social and economic life of a large hinterland area. The community has a significant representation of aboriginal peoples among its residents, and strong ties to reserves and other native population centres.

Co-operatives have an important presence in this community, even though it is a large centre with a wide range of businesses and organizations. The consumer co-operative is substantial and provides a wide range of durable goods in addition to the typical array of products offered by a supermarket. The credit union has increased its range of services and has been renewing itself through the development of new financial products and new markets. The agricultural co-operative has a service centre on the outskirts of the community, and has recently added a number of new facilities. There are a range of community service co-operatives active in child care, health services, and housing.

## The Social and Economic Role of Co-operatives

### Competitive Goods and Services

Co-operatives serving retail and wholesale markets, or providing financial services, are operating here in a competitive and expanding market that has attracted a number of

new entrants, as well as expansion or reinvestment by existing businesses. In such a context, co-operatives add to the competitive character of local markets by competing on some combination of service, price, and quality. Moreover, they may do so in a manner that increases economic multipliers and perhaps also the social benefits associated with commercial activities.

Co-operatives in this location have generally maintained or increased the volume of their business in recent years. This reflects several underlying factors. First, as mentioned, co-operatives in this gateway community have benefited from growth in the local population and market. Second, they have benefited from the consolidation of wholesale, retail, and service activities, along with population, into larger towns and urban centres. This process, in which some co-operative organizations have participated more directly than others, provides increased volume to outlets in business centres, which are net beneficiaries of the spatial reorganization of the provincial economy. Third, the co-operatives in this location have been able to inspire member loyalty and to attract new members by providing a mix of economic and less tangible benefits. This includes a range of goods and services that meet the needs of members in a generally cost-competitive fashion.

For example, in the ten-year period leading up to 1997, the credit union saw its share of the market grow from an initial 20 percent to more than 30 percent. It serves an even larger portion of the financial services sector market for automobile finance, and offers specialized services to the commercial and agricultural sectors. Moreover, it has been developing a working relationship with tribal councils, bands, and individual aboriginal clients, a focus that predates by several years the banking community initiatives in response to the Treaty Lands Entitlement (TLE) settlements.

### **Provision of Goods and Services Not Otherwise Provided**

In a commercial and administrative centre such as this study site, it is less obvious that certain goods and services would not be as readily available locally without the presence of co-operatives or credit unions. Nevertheless, co-operatives do add to the selection and variety of goods available locally, and in some cases handle lines or products that are

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exclusive to the sector or particular outlet. The retail co-operative in this community handles a wide array of goods, including groceries, furniture, computers, building supplies, custom-built homes, and farm supplies. Its branches in smaller communities also offer many of these products and services. In the case of products not available in the local outlet, rural members who shop in the larger centre still enjoy the equity allocation benefits associated with co-operative membership.

The community and larger region both benefit from a number of co-operative initiatives that provide services that would otherwise be unavailable or considerably more difficult to obtain. Some of these are commercial, while others are in the areas of community, social, and related personal services. Alone or in partnership with other organizations, for example, co-operatives have been active and innovative in the provision of child-care and health facilities, programs, and outreach. A small but significant step has been taken to promote home ownership among low-income tenants using the co-operative model, and a related project has been undertaken to provide training and self-employment opportunities for people lacking attractive employment prospects. Moreover, the co-operatives and credit unions based in the larger centre have been able to respond to requests from outlying communities to help with the establishment of satellite service outlets offering a quality and range of services that would otherwise be unavailable locally. This may include credit union financial services as well as co-operative grocery, hardware, or gas station operations. The consumer co-operative has invested in upgrading its branches in smaller rural centres, even though some of these operations were losing money in 1980. None of these outlets are now “actually losing money.” In some cases, the consumer co-operative has opened branches after amalgamating with, or purchasing the assets of, failing co-operatives in smaller centres.

Outreach to aboriginal peoples and communities is a particular example of an initiative to offer services where none were formerly available, or to people who once faced serious barriers in accessing such services. The credit union in this community has a long history of liaison with aboriginal individuals and organizations, handling band accounts and those of their corporate entities, and acting as a key lender for some important

aboriginal development initiatives. Moreover, it has pioneered in delivering financial services in remote locations and to individuals who have no prior experience using savings and loans institutions. An aboriginal services manager, a native person with a strong background in credit union operations, has put together training seminars and materials for adults and for schools. These have been offered, at band invitation, on many area reserves. When requested, the credit union has also arranged to offer on-reserve services, such as cheque cashing, loan approvals, and new accounts. A full-service credit union agency outlet opened recently in a remote northern community, with personnel on site able to offer services in the local native language. The credit union is evaluating the prospects for similar arrangements in several other small northern communities. Hiring aboriginal employees has been a priority at new branches. The credit union board has also initiated a First Nations advisory committee to provide input into its planning and evaluation activities.

One important aspect of providing goods or services not otherwise available is the provision of market outlets for local producers and artisans. Where these involve goods or services appropriate to local markets, this also gives community members the option to buy locally and to reinforce the community multiplier. The consumer co-operative relies on its co-operative wholesaler for the majority of stocked goods. Nevertheless, it has a policy of local procurement where possible, stocking locally grown bedding plants, some produce, wild rice, fish, and beef jerky, and handling local lumber when price and quality are competitive. It also solicits tenders only from local tradespeople and contractors when refurbishing or upgrading facilities.

The local co-operative health centre has adopted a holistic, individual and community approach to “enabling wellness,” and has initiated or collaborated on many programs not previously available in the region. Its board and staff have been innovators with respect to home care, van service and exercise classes for seniors, health education and community outreach, pregnancy support, dental services, physiotherapy, acupuncture, nutrition counselling, and counselling for women who have been victims of family violence. The health care co-operative provides many of these services at its main site and at two satellite rural community locations—both full-convenience centres. It is also considering opening an additional urban site in a location owned by the regional tribal council.

In conjunction with community groups, the health co-operative has initiated a dental project, which as of now screens children at three schools and provides dental services to those requiring treatment. The program includes nutrition education and has been embraced as a community project. The centre also started a pregnancy support and breast-feeding project, and has collaborated with the local health board to embark upon a program that will deal with family violence in the community. In addition, the centre has hired native outreach health workers to take requested programming onto reserves in the surrounding region.

As in many Saskatchewan communities, co-operatives here provide a large share of the formal child-care services available. A number of these centres offer an integrated program for special needs children, using specially trained staff and consultants. The co-operative day-care organizations in this community have a working relationship with schools and aboriginal head-start programs. Working under considerable financial constraint, the co-operatives provide meals and snacks to the children in their care. Some have also attempted to provide an expanded range of culturally sensitive programming.

### **Strengthening the Regional Economy**

This community is the site of an important initiative designed to make home ownership a reality for low-income tenants. Many tenants are trapped paying high rents for small houses that do not meet safety codes. Home ownership has numerous benefits, including greater neighbourhood and family stability, and lower turnover in area schools—with associated benefits for students and staff. The idea of a housing co-operative developed over several years in discussions that involved a concerned real estate agent, municipal officials, housing authority staff, and staff from several provincial government departments and agencies, plus the local credit union. A housing co-operative was formed in 1996.

Credit union staff serve on the co-operative's advisory committee and have helped to arrange a preapproved mortgage of \$750,000. The credit union provides additional administrative support to the new co-operative, offering financial counselling to co-op members,

and handling bills from suppliers and tradespeople. It has also made a \$10,000 donation and waived the usual mortgage fees.

Once accepted as members of the co-operative, a family selects its own home from among houses for sale, and the house is purchased by the co-operative. The group works together to renovate the house, and the resulting market equity reduces the need for a large down payment. Members must agree to work ten hours on each of ten houses in addition to their own. Each family signs a lease-to-purchase agreement with the co-operative, and ownership is transferred to the family when the mortgage is paid off through monthly payments. Participants thus gain a home, renovation skills, and a strong sense of community.

Many area businesses have provided donations or free services. An insurance co-operative, for example, provides coverage at favourable rates. Even so, undertaking enough renovations to cover 25 percent of the purchase price has proved difficult. The Saskatchewan Department of Municipal Government has recently partnered with the co-operative to provide partially forgivable, interest-free loans for down payments up to 20 percent of the purchase price. The municipality tops up this program to a maximum of 5 percent of the purchase price. This new arrangement applies to low-income families, but the credit union and the housing co-operative have worked out a parallel arrangement for families with incomes above the stipulated level. By late 1997, fourteen families had purchased houses as members of the new housing co-operative. The target for 1998 is to add twenty-five more families. There are two hundred families on a waiting list to join.

In the words of one woman whose family now has its own home, thanks to the co-op:

- “Family life has changed. We are more of a family.”
- “Houses have brought couples together, changed relationships.”
- “We sawed and hammered together...you can always depend on co-op members.”
- “The feeling that you are finally getting control once in your life—people are desperate.”
- “Working on the houses has changed the vision of gender relations in both men and women.”

Many of the organizers and members of this co-operative have come together on another project—an economic development corporation that would facilitate the establishment of another housing co-operative, this one for single-parent families. The women involved would undertake the major part of the renovation work and receive additional training, with the goal of eventually starting their own co-operative home renovation and material recycling business.

The credit union is also a partner in a new initiative to support women in business training, micro-credit, and small-business start-ups. This project involves several community and government organizations, including the credit union, the chamber of commerce, the local REDA, the YWCA, SIAST, New Careers, and the Department of Social Services. The project is young but has already spawned several proposals and new businesses. In the words of the program co-ordinator:

- “Credit union managers have been very accessible, flexible, and open with their lending criteria.”
- “An advantage of working with a credit union is that they don’t have to go to head office for clearance on projects...which always distances it a great deal.”

### **Building and Sustaining Community**

Many co-operative managers in this community have taken as axiomatic the need for new approaches to social and economic development, and for related innovations in their own organizations. In some instances, this is put into operation by funding and supporting community activities whenever called upon—a frequent occurrence in any business organization in the 1990s, but especially common if your organization is a co-operative and has a reputation for providing support. In other co-operatives, this orientation was more central to the initial conception, and has received new emphasis in recent years. In these organizations, community development activities are a primary focus of directors and managers.

The main credit union in this location has received citations and awards for its support of community projects. It provides “community-builder accounts,” with free cheques

and services for qualified community organizations. According to its own audit of community activities, its staff contributed more than thirteen hundred hours in support of 120 volunteer groups in 1996. This included eighteen hundred hours during credit union business hours, translating into more than \$30,000 in salaries. A little more than half of these paid hours went towards committees, charities, and community groups with which staff were personally involved. The balance went to credit union community initiatives. In addition to volunteer and monetary contributions, the credit union makes its facilities and equipment available to numerous organizations. According to its own documents, in addition to visibility and recognition for the credit union and its employees, it takes a broad view of other potential benefits:

- “Community involvement also enhances the skills, confidence, and self-fulfilment of employees both through interaction with members of the community and as a result of the positions held on boards and functions performed within those community groups.”

The credit union makes a conscious effort to set high standards for community involvement, recognizing a “bandwagon effect” when other businesses see the good will and exposure it generates. The credit union has also tried to recruit other area co-operatives to help set up a foundation for an endowment to be used in support of community projects in the region. The concept being explored includes “living trusts” and other vehicles for investing in community causes.

The management of the retail co-operative frequently makes donations or hosts pancake breakfasts to support causes and organizations as diverse as the Kidney Foundation; the Cancer Society; the Wildlife Federation; the local co-operative health centre volunteers; a local nursing home; a hospital in a northern community served by a branch outlet; youth soccer, hockey, baseball, and softball; area powwows; an area youth centre; 4-H youth club activities; scholarships and awards at local schools; and scholarships and equipment for the co-op youth camp. The local staff of the agricultural co-operative likewise use discretionary funds to support a plethora of community projects, especially those involving youth, agriculture, or co-operatives. They have, for example, sponsored the Native Winter Games, and one of the co-operative’s managers has served as chair of the local REDA.



## Networking and Diversity

A manager of the consumer co-operative stressed the importance of belonging to a federation of co-operatives in terms of the resources and technical support this provides. The co-op sector offers training opportunities and seminars in a number of areas; auditors from the wholesale co-operative provide on-the-job training; the senior co-operative also provides technical advice regarding computer equipment, energy consumption, and other aspects of maintaining or surpassing current industry standards. Moreover, membership in the co-operative network allows the managers of this retail outlet to consult regularly with other co-op managers, and to join with other co-operative retails in the region to take advantage of volume purchase opportunities—sharing a semiload of product, for example.

In turn, this retail co-operative has used its size and technical expertise to stabilize or rebuild the half-dozen smaller retail operations it has taken over as branches in outlying communities. Partnership with the larger entity has made it possible to make investments that would otherwise have been too risky. The larger retail co-op is also working with several other smaller retail co-ops in the region, providing management, accounting, or fuel-delivery services. The manager interviewed observed that there are mutual benefits to the close working relations with rural branches and other co-operatives in smaller centres:

- “We are doing our utmost to keep these communities alive.”
- “Our presence encourages these people to shop co-op when they come to town.”

In terms of networking and network strengthening, this retail co-operative has made a point of keeping its own financial business within the co-op sector by working closely with the local credit union. This collaboration includes a credit plan for consumers purchasing major household items.

The credit union is also involved in networking relationships through its affiliations with other credit unions and Credit Union Central. Its managers are in close contact with their counterparts in other credit unions in the province, and have explored the potential of joint ventures with several of them. Moreover, the credit union in this community

maintains service outlets in at least a half-dozen small rural communities. Liaison activities with aboriginal communities have already been discussed.

The social and economic impacts of co-operative organizations include aspects of relations between various social subgroups distinguishable in terms of race, ethnicity, social class, gender, age, and urban or rural residence. There are also related dynamics with respect to youth employment, the equitable integration of women into the workforce and community leadership roles, and the sustainability of community economic development initiatives. Some of these issues were obvious before the interviews; others came to light in the process of the fieldwork.

### **Local Control**

The agricultural co-operative in this city is involved in major restructuring of grain delivery and service centres throughout the region, and has also undertaken a number of new initiatives to diversify the agricultural economy. This has met with mixed response from both members and nonmembers. The co-operative has sought local support and investment for its new developments, but has not pushed such projects where support is absent or weak. In response to local concerns, moreover, it has recently instituted a moratorium on the demolition of facilities closed as part of the reorganization plan—unless the local co-operative committee and community want them removed. Where there is local interest in developing alternative uses—as a canola collection point, for example, or as an elevator handling certified organic product—the co-operative will provide both technical support and assistance in evaluating the feasibility of the business plan.

As discussed above and below, the retail co-operative in this urban community has taken over the operations of several co-op outlets in smaller centres, outlets that were failing financially or in need of renewal. The larger co-operative partner has attempted to preserve a certain degree of local autonomy and initiative. Local managers make their own decisions about supporting community activities, and local managers and elected officials are involved in strategic decisions.

- “Each branch is involved in its own community projects, scholarship programs, and related activities.”

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## Management and Leadership

Some of the co-operatives in this community have taken important steps to develop their own managers and employees. At one, managers who complete university courses relevant to their work are compensated for 75 percent of the tuition cost. They are encouraged to join community organizations and can be reimbursed for annual fees, and they can also come to the co-operative for financial or in-kind support of these community activities.

At the health co-operative, managers and staff are involved in training programs concerned with co-op organizations and membership. Almost all the staff are members and can therefore take part in general meetings and vote. One staff member sits on the board of directors and participates in all deliberations except where there is a conflict of interest, as in salary discussions. The centre has an employment equity program, and by paying attention to where and how positions are advertised, has been able to surpass target ratios for Saskatchewan and the local community with respect to employment of aboriginal staff, about 17 percent of whom are self-identified as such.

Some of the co-operatives in this study have actively engaged in member and staff education regarding the principles of co-operative organization and business, and also the skills needed for sustainable economic development at the turn of the century. They have self-consciously recognized and embraced the newest principle adopted by the International Co-operative Alliance—concern for community. At the credit union, compensation for staff and managers includes bonuses for community involvements.

Several of the co-operatives in this community sponsor co-operative youth camps. Almost all have taken steps to develop the capacities of key staff and managers. Some have introduced people with no previous experience to the intricacies of running their own organization. In the housing co-operative, for example, all members serve on at least one committee.

# Leadership Development Survey

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## Introduction

An additional objective of the overall study was to identify the ways in which involvement with co-operatives might be related to current and past involvement in community leadership. To this end, researchers examined the demographic characteristics of leaders, their experiences as youths and adults in a variety of social, religious, and educational programs, and the involvement of their parents in positions of community leadership. In each instance, questions were asked to determine where links to co-operatives and credit unions might be found.

To gather the data, researchers conducted a random survey of households in the southern half of the province, which resulted in four hundred completed surveys. The sample included individuals who were asked to self-identify as holding currently or in the past, either a formal or informal position of leadership. As illustrated in table 1, 83 percent self-identified as holding positions of formal leadership, while the remaining 17 percent

	Number of Respondents	%
Formal leadership position	332	83
Informal leader	68	17
Total completed surveys	400	100

indicated that they considered themselves to be holding positions of informal leadership within the community.

Formal leadership was defined as any type of board or executive position with any kind of organization, volunteer board, or community group. The definition of informal leadership was left somewhat more open-ended. Asked if they regularly provided leadership through a number of actions, respondents most frequently indicated that they provided informal leadership through raising questions in a meeting, offering opinions or advising elected board members, and helping to organize community events (see table 2).

**Table 2: Informal leadership (respondents could check more than one category)**

	Responded Yes	Percentage of Informal (68)
Act as a sounding board for spouse in a formal leadership position	8	11.8
Volunteer to serve on committees	39	57.4
Raise questions in a meeting	54	80.6
Help to organize events in your community	39	57.4
Offer opinions or advise elected board members	43	63.2
Serve as an unofficial secretary for an organization	14	20.6
Other	3	4.4

## Demographics

Formal leaders were more likely to be male, aged 36–45, well educated, and earning a middle range of income. They were most frequently retired, farmer/ranchers, in clerical, teaching, and management positions. They were more likely to live on a farm or community of less than 5,000, and to have lived in that same community for more than eleven years, having been born in Saskatchewan.

Informal leaders were more likely to be female, aged 25–45, well educated, earning a middle range of income. They were most frequently employed in clerical or management positions, or as homemakers. The majority resided in communities with populations

larger than 10,000, having lived in those communities up to forty years, with a portion of them less than five years. As with the formal leaders, the majority had been born in Saskatchewan.

## Formal Leadership

An examination of the types of organizations with which self-identified formal leaders were involved revealed that the majority of activity was in community groups and boards (78.5 percent), followed at some distance by service organizations (28 percent). Twenty percent of respondents held elected positions in municipal government and co-operative organizations, while a small number (2 and 3, respectively) were former members of the provincial and federal legislatures.

**Table 4:** Positions of leadership current and past (respondents could belong to more than one category)

	Number of Respondents	Percentage of Formal (332)
Federal or provincial government	10	3.0
Municipal government	67	20.3
Community groups or boards	260	78.5
Service organizations	92	27.9
Sports clubs	149	45.0
Agricultural organizations	42	12.8
Co-op boards, CU Boards		
Sask. Wheat Pool/other co-ops	67	20.4
Other	2	.6
N = 332		

**Table 5:** Elected positions currently or formerly held at the federal or provincial level (respondents could belong to more than one category)

	Currently	Formerly	Total	% of 332
Provincial—MLA	0	2	2	
Federal—MP	0	3	3	
Other	2	4	6	
Total	2	9	11	3.3

add crosstabs table 3 here

**Table 6:** Currently or formerly held an executive, board, or officer position in co-operative organizations (respondents could check off more than one)

	Currently	Formerly	Total
Consumer co-op	2	6	8
Credit union	4	13	17
Agricultural co-operatives	3	7	10
Preschool/daycare	0	3	3
Recreational	1	0	1
Other co-ops	10	30	40
Total	20	59	79

The primary interest for the purposes of this study was leadership within co-operative organizations. The leaders who self-identified themselves represented the majority of the provincial co-operatives. Table 7, on the facing page, provides a detailed description of the co-operative leaders in the sample. The formal leaders were overwhelmingly male, and found in two age groupings—either 36–55 or over 65. The majority had completed high school, and some had technical or university education. Most had middle income levels, and indicated either farming or retirement as their occupation. The majority lived on farms or in communities of less than 1,000 population, having lived there for between eleven and thirty years.



add crosstabs table 7 here

### Influence of Co-operative Involvement and Education

The following section compares the experiential and educational backgrounds of formal leaders of co-operative organizations as compared to formal leaders in non-co-operative organizations. While both groups indicated that involvement in church groups was the most frequent experience of youth, more co-op leaders were likely to have been involved with 4-H and specific co-operative youth programs, as well as with cubs or boy scouts (table 8). Leaders in non-co-operatives rated these youth experiences as somewhat more important in terms of leadership development (table 9).

**Table 8:** Involvement in programs as a child or youth (respondents could belong to more than one group)

	Total Surveys	%Total Surveys	Co-op Leaders	% Co-op Leaders
Brownies/guides	75	18.8	4	6.0
Cubs/boy scouts	66	16.5	13	19.4
Cadets	39	9.8	5	7.5
Church groups	237	59.4	35	52.2
Explorers/CGIT	55	13.8	4	6.0
Co-operative youth seminars	27	6.8	5	7.6
Co-op schools (forerunner to above)	16	4.0	6	9.0
4-H	104	26.0	26	38.8
Other	116	29.0	9	13.4
	n = 400		n = 67	

**Table 9:** Importance of membership in youth programs to leadership development

	Very Unimportant				Very Important		Mean	Stand. Dev.
	1	2	3	4	5			
Importance of membership total surveys (n = 328)	10.1	11.6	24.7	29.3	24.4	3.46	1.26	
Importance of membership to co-op leaders (n = 54)	9.3	9.3	29.6	37.0	14.8	3.39	1.14	
Missing from total surveys—72								
Missing from co-op leaders—13								

Respondents were asked to identify the kinds of co-operative-sponsored programs they had attended as an adult. Not surprisingly, formal leaders of co-ops indicated the highest level of attendance (table 10), and ranked these programs as having greater importance in their development as a leader as compared to the general sample of respondents (table 12). Although most respondents had not been involved in co-operative-sponsored programs, 48 percent of those responding to this question indicated that co-op programs had led to greater leadership involvement in community organizations, just slightly lower than the ranking indicated by co-op leaders (table 13). Within both groups, co-operatives are perceived as providing moderate to a great deal of support for leadership development in communities (table 14).

**Table 10:** Involvement as an adult in co-operative-sponsored or -supported programs (respondents could indicate more than one answer)

	Total Surveys	% Total Surveys	Co-op Leaders	% Co-op Leaders
Co-operative Women's Guild leadership school	1	.3	0	0
Co-operative Union of Canada's correspondence courses	5	1.3	1	1.5
Western Co-op College programs	12	3.0	2	3.0
Directors schools	9	2.3	7	10.4
Board training through the local co-operative	23	5.8	18	26.9
Informal training and education through board membership	49	12.3	23	34.3
Management training through employment with a co-op	17	4.3	8	11.9
Saskatchewan Wheat Pool Young Couples Club	2	.5	2	3.0
Other	7	1.75	2	3.0
	n = 400		n = 67	

add crosstabs table 11

A closer examination of the type of co-operative-sponsored training experienced by formal leaders in the many different organizations represented in the sample indicated that it is primarily current and previous leaders within co-op organizations who have benefited from these programs (table 11). However, the influence of this training is also found among a fairly high percentage (25 percent) of leaders in municipal government and agricultural organizations.

**Table 12:** Importance of membership in co-operative programs to leadership development

	Total Surveys	% of 82	Co-op Leaders	% of 34
1 Unimportant	5	6.1	2	5.9
2	13	15.9	3	8.8
3	19	23.2	8	23.5
4	30	36.6	14	41.2
5 Important	5	18.3	7	20.6
Total	82	100.0	34	100.0
	Mean—3.45		Mean—3.62	
	Stand. Dev.—1.15		Stand. Dev.—1.10	
Missing from total surveys—318				
Missing from co-op leadership—33				

**Table 13:** Overall, considering all the various co-operative programs and organizations that you have been a part of, did these memberships

	Total Surveys	% of 82	Co-op Leaders	% of 34
Lead to greater leadership involvement in community organizations	40	48.8	17	50.0
Have little impact on subsequent community leadership involvements	26	31.7	13	38.2
Unable to determine	16	19.5	4	11.8
Total	82	100.0	34	100.0
	Mean—1.71		Mean—1.62	
	Stand. Dev.—.78		Stand. Dev.—.70	
Missing from total surveys—318				
Missing from co-op leadership—33				

**Table 14:** To what degree do co-operatives currently support leadership development in communit(ies)?

	Total Surveys	% of 80	Co-op Leaders	% of 33
1 Little support	9	11.3	4	12.1
2	9	11.3	4	12.1
3	26	32.5	9	27.3
4	19	23.8	8	24.2
5 Great deal of support	16	20.0	8	24.2
Total	79	100.0	33	100.0
	Mean —3.30		Mean—3.36	
	Stand. Dev.—1.24		Stand. Dev.—1.32	
Missing from total surveys—320				
Missing from co-op leadership—34				

### **Influence of Parental Involvement in Co-operatives and Community**

Parental involvement in co-operatives and community organizations was also identified as a factor in influencing the willingness of children to assume community leadership. More co-op leaders than the general population indicated that their mother was a member of a co-operative (table 15), a member of community groups in general (table 17), and on the executive of community groups (table 18). A similar pattern was discovered with the involvement of fathers of co-operative leaders (tables 19 to 22), with significantly higher levels of involvement indicated by fathers in both co-operatives and community groups. A more detailed breakdown by type of organization reinforces the importance of parental involvement in all manner of community leadership (table 23).

**Table 15:** Mother a member or a board member of a co-operative organization

	Total Surveys	% of 397	Co-op Leaders	% of 67
Member	68	17.1	17	25.4
Not a member	329	82.9	50	74.6
Total	397	100.0	67	100.0
Missing from total surveys—3				

**Table 16:** Mother an officer of a co-operative organization

	Total Surveys	% of 396	Co-op Leaders	% of 66
Officer in co-op	10	2.5	1	1.5
Not an officer in co-op	386	97.5	65	98.5
Total	396	100.0	66	100.0

Missing from total surveys—4

Missing from co-op leadership—1

**Table 17:** Mother a member or a board member of any community groups or organizations

	Total Surveys	% of 399	Co-op Leaders	% of 67
Member of community group(s)	234	58.6	44	65.7
Not a member of community group(s)	165	41.4	23	34.3
Total	399	100.0	67	100.0

Missing from total surveys—1

**Table 18:** Mother an officer of any community groups or organizations

	Total Surveys	% of 390	Co-op Leaders	% of 65
Officer in community group(s)	159	40.8	30	46.2
Not an officer in community group(s)	231	59.2	35	53.8
Total	390	100.0	65	100.0

Missing from total surveys—10

Missing from co-op leadership—2

**Table 19:** Father a member or a board member of a co-operative organization

	Total Surveys	% of 399	Co-op Leaders	% of 67
Member	144	36.1	37	55.2
Not a member	255	63.9	30	44.8
Total	399	100.0	67	100.0

Missing from total surveys—1

**Table 20:** Father an officer of a co-operative organization

	Total Surveys	% of 396	Co-op Leaders	% of 66
Officer in co-op	61	15.4	17	25.8
Not an officer in co-op	335	84.6	49	74.2
Total	396	100.0	66	100.0

Missing from total surveys—4  
Missing from co-op leadership—1

**Table 21:** Father a member or a board member of any community groups or organizations

	Total Surveys	% of 395	Co-op Leaders	% of 67
Member of community group(s)	227	57.5	48	71.6
Not a member of community group(s)	167	42.3	19	28.4
Other	1	.3	0	0
Total	395	100.0	67	100.0

Missing from total surveys—5

**Table 22:** Father an officer of any community groups or organizations

	Total Surveys	% of 392	Co-op Leaders	% of 66
Officer in community groups	169	43.1	38	57.6
Not an officer in community groups	222	56.6	28	42.4
Other	1	.3	0	0
Total	392	100.0	66	100.0

Missing from total surveys—8  
Missing from co-op leaders—1



insert crosstabs table 23 here

## Leadership Skills

As illustrated in table 24 (facing page), respondents were asked to indicate the importance of a variety of skills in assisting them to fulfil their leadership role(s). On the whole, there was very little difference in the importance ratings indicated by leaders of co-operatives as compared to total respondents. The use of mean rating scores to identify the three top-rated skills resulted in one small difference. Leaders of co-operatives identified tolerance/co-operation as most important (4.42), followed by teamwork (4.4) and communication skills (4.18). The total group identified teamwork as most important (4.52), followed by tolerance/co-operation (4.51) and communication skills (4.34).

Table 25 (overleaf) shows that there was very little difference in importance ratings indicated by leaders of co-operatives as compared to total respondents when respondents were asked to indicate which experiences or training contributed to the development of the skills they identified as important. A similar pattern appeared when mean rating scores were used to identify the three top-rated experiences or training. Leaders of co-operatives identified on-the-job experience/self-taught as most important (4.27), followed by family community involvement (3.61) and experience with co-operatives and credit unions (3.42). The total group also identified on-the-job experience/self-taught as most important (4.39), followed by family community involvement (3.64) and experience with voluntary organizations (3.44).

**Table 24:** Importance of the following skills in assisting leaders to fulfil their role(s) (% shown)

Total surveys n = 400

Co-op leadership n = 67

	Very Unimportant					Very Important		Mean	Stand. Dev.
	1	2	3	4	5				
<b>Organizational skills</b>									
Total surveys	1.8	1.3	15.0	32.5	49.5	4.27	.88		
Co-op leadership	3.0	3.0	19.4	32.8	41.8	4.07	1.00		
<b>Networking skills</b>									
Total surveys	4.8	8.8	27.4	37.4	21.6	3.62	1.06		
Co-op leadership	4.6	12.3	27.7	46.2	9.2	3.43	.98		
<b>Public speaking</b>									
Total surveys	7.8	13.5	24.8	30.0	24.0	3.49	1.21		
Co-op leadership	11.9	16.4	17.9	32.8	20.9	3.34	1.31		
<b>Teamwork</b>									
Total surveys	.5	1.3	8.8	24.8	64.8	4.52	.75		
Co-op leadership	0	1.5	10.4	34.3	53.7	4.40	.74		
<b>Tolerance/co-operation</b>									
Total surveys	0	1.3	8.5	28.5	61.8	4.51	.70		
Co-op leadership	0	0	11.9	34.3	53.7	4.42	.70		
<b>Delegating skills</b>									
Total surveys	2.0	6.8	23.0	37.8	30.5	3.88	.99		
Co-op leadership	3.0	14.9	35.8	29.9	16.4	3.42	1.03		
<b>Communication skills</b>									
Total surveys	.8	1.5	11.5	35.3	51.0	4.34	.80		
Co-op leadership	0	4.5	17.9	32.8	44.8	4.18	.89		
<b>Problem-solving skills</b>									
Total surveys	.5	3.5	18.3	41.6	36.1	4.09	.85		
Co-op leadership	0	7.5	16.4	47.8	28.4	3.97	.87		
<b>Inter-organizational or government relations</b>									
Total surveys	15.8	15.5	31.5	24.0	13.3	3.03	1.25		
Co-op leadership	16.4	14.9	34.3	23.9	10.4	2.97	1.22		
<b>Volunteer management</b>									
Total surveys	6.5	7.8	26.3	34.3	25.1	3.64	1.13		
Co-op leadership	11.9	11.9	29.9	29.9	16.4	3.27	1.23		
<b>Financial management skills</b>									
Total surveys	6.8	8.5	24.0	31.0	29.8	3.69	1.18		
Co-op leadership	4.5	11.9	16.4	37.3	29.9	3.76	1.14		

**Table 25:** Significance of experience and training in the development of the skills identified as important (% shown).

Total surveys n = 400

Co-op leadership n = 67

	Very Unimportant				Very Important		Mean	Stand. Dev.
	1	2	3	4	5			
<b>On-the-job/self-taught</b>								
Total surveys	.5	1.0	11.8	32.5	54.3	4.39	.77	
Co-op leaders	1.5	1.5	14.9	32.8	49.3	4.27	.88	
<b>Job-related training programs</b>								
Total surveys	17.5	8.5	20.6	30.8	22.6	3.32	1.38	
Co-op leaders	21.2	19.7	18.2	22.7	18.2	2.97	1.42	
<b>Volunteer organizations/programs</b>								
Total surveys	7.0	10.8	32.2	30.9	19.1	3.44	1.13	
Co-op leaders	9.1	9.1	40.9	28.8	12.1	3.26	1.09	
<b>Family community involvement</b>								
Total surveys	5.5	8.5	28.5	34.0	23.3	3.64	1.21	
Co-op leaders	3.0	11.9	26.9	37.3	20.9	3.61	1.04	
<b>Informally through others in community</b>								
Total surveys	3.3	11.0	39.8	34.3	11.8	3.40	.94	
Co-op leaders	3.0	10.4	43.3	31.3	11.9	3.39	.94	
<b>Youth programs</b>								
Total surveys	25.6	17.6	21.1	21.1	14.3	2.91	2.53	
Co-op leaders	34.3	20.9	22.4	13.4	9.0	2.42	1.33	
<b>School activities</b>								
Total surveys	12.3	15.8	24.0	29.0	19.0	3.27	1.28	
Co-op leaders	9.0	19.4	25.4	31.3	14.9	3.24	1.19	
<b>Church-related activities</b>								
Total surveys	22.1	14.8	20.4	26.4	16.3	3.00	1.40	
Co-op leaders	29.9	16.4	16.4	28.4	9.0	2.70	1.39	
<b>Agricultural organizations</b>								
Total surveys	43.1	13.0	20.1	15.5	8.3	2.33	2.25	
Co-op leaders	14.9	10.4	23.9	35.8	14.9	3.25	1.27	
<b>Fed./prov./municipal positions</b>								
Total surveys	45.2	12.6	21.4	13.6	7.3	2.25	1.34	
Co-op leaders	38.5	13.8	21.5	20.0	6.0	2.42	1.35	
<b>Co-operatives and credit unions</b>								
Total surveys	45.0	14.1	20.4	13.8	6.8	2.23	1.33	
Co-op leaders	13.8	10.8	16.9	36.9	21.5	3.42	1.32	

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## **Informal Leadership**

### **Influence of Co-operative Involvement and Education**

The following section examines the experiential and educational backgrounds of those who self-identified as informal leaders. While the actual numbers in each category on table 26 (next page) are very small, there is a prominent pattern. Informal leaders were most likely to have been involved with 4-H and co-op schools/co-op youth programs.

### **Influence of Parental Involvement in Co-operatives and Community**

Parental involvement in co-operatives and community organizations was also identified as a factor in influencing the willingness of children to assume community leadership. Informal leaders indicated quite high levels of involvement on the part of fathers in co-operatives, both as members and as executive members, and very high levels of involvement by both parents as members and as executive members in community organizations in general.

A more detailed breakdown by type of organization reinforces the importance of parental involvement in motivating children's involvement at some stage in their life in all manner of community leadership (table 27).

add crosstabs table 26

add crosstabs table 27

## Diversity

A final aspect of the survey involved examining the demographics of both formal and informal leaders to identify the amount of diversity found within their membership. Diversity of membership in organizations has been identified as contributing to the ability of the organization to act successfully in collaborative initiatives. The level of representation by gender and race indicates the willingness or ability of organizations to be inclusive of those who may not typically be involved in a leadership capacity. Respondents in our survey self-identified by gender only.

### **Women's Representation in the Leadership of Co-operatives**

Women constituted more than 50 percent of the respondent population, although just under half (48 percent) self-identified as formal leaders, and well over half (67 percent) self-identified as informal leaders (table 3). Within the portion of those who indicated holding formal leadership in co-operatives, however, women's representation was much lower (table 7). Because respondents indicated leadership in more than one type of co-operative, the totals are greater than the actual number of people identifying as current or past leaders of co-operatives ( $n = 67$ ), thereby making calculations of percentages impossible. However, if we look generally at the numbers of people indicating leadership in co-operatives, men self-identified as holding current or past positions of leadership 62 times, whereas women self-identified as holding current or past positions of leadership 18 times. This pattern is not unlike that found in the historic data.

Respondents were asked to indicate the level of formal leadership by parents, both in co-operatives and community organizations in general. Twenty-five percent of those who formerly held or currently hold positions of formal leadership in co-operatives indicated that their mother had been a member or board member of a co-operative (table 15), but only 1.5 percent responded that their mother had been an officer in a co-operative or credit union (table 16). The percentages were similar in the total respondent population—17 percent of those who formerly held or currently hold positions of formal leadership in organizations of all kinds indicated that their mother had been a member or board



member of a co-operative (table 15), and 2.5 percent responded that their mother had been an officer in a co-operative or credit union (table 16).

In contrast, women's participation in leadership positions in community organizations in general was markedly different: 66 percent of those who formerly held or currently hold positions of formal leadership in co-operatives indicated that their mother had been a member or board member of a community organization (table 17), and of that same group, 46 percent responded that their mother had been an officer in a co-operative or credit union (table 18). The percentages were similar in the total respondent population—59 percent of those who formerly held or currently hold positions of formal leadership in organizations of all kinds indicated that their mother had been a member or board member of a community organization (table 17), and 41 percent responded that their mother had been an officer in a community group or organization (table 18).

## Summary

Formal leaders were more likely to be male, aged 36–45, well educated, earning a middle range of income, living on a farm or in a community of less than 5,000 population. They were most frequently farmer/ranchers, retired, or in clerical, teaching, or management positions. Within the group self-identifying as formal leaders in co-operatives, the same demographic patterns were found, with one exception: leaders were found in two age groupings—either 36–55 or over 65.

Informal leaders were more likely to be female, aged 25–45, well educated, earning a middle range of income. They were most frequently employed in clerical or management positions, or as homemakers, the majority residing in communities with populations larger than 10,000.

Within the respondent population, the majority of leadership activity was in community groups and boards (78.5 percent), followed at some distance by service organizations (28 percent). Twenty percent of respondents held elected positions in municipal government and co-operative organizations.

Respondents in both the total population and within the co-operative subgroup indicated that involvement in church groups was the most frequent experience of youth, but more co-op leaders were likely to have been involved with 4-H and specific co-operative youth programs. Leaders in non-co-operatives rated their youth experiences as somewhat more important in terms of leadership development.

Formal leaders of co-operatives indicated the highest level of attendance at co-operative-sponsored training programs as an adult, and ranked these programs as having greater importance in their development as a leader as compared to the general sample of respondents. The influence of this training was also indicated by a quarter of those self-identifying as leaders in municipal government and agricultural organizations. Despite the fact that most respondents had not been involved in co-operative-sponsored programs, 49 percent of those responding to this question indicated that co-op programs had led to greater leadership involvement in community organizations, just slightly lower than the ranking indicated by co-op leaders. Within both groups, co-operatives were perceived as providing moderate to a great deal of support for leadership development in communities.

Parental involvement in co-operatives and community organizations was a definite factor in influencing the willingness of children to assume community leadership. Significantly, more co-op leaders than the general population indicated that their mother was a member of a co-operative, a member of community groups in general, and on the executive of community groups. A similar pattern was discovered with the involvement of fathers of current or past co-operative leaders, where a significantly higher level of involvement was indicated among those whose fathers had been active in both co-operatives and community groups.

Women constituted more than 50 percent of the respondent population, although just under half (48 percent) self-identified as formal leaders, and well over half (67 percent) self-identified as informal leaders. Among the respondents who indicated holding formal leadership in co-operatives, however, women's representation was much lower.

The pattern found in the historic data was similar. Twenty-five percent of those who formerly held or currently hold positions of formal leadership in co-operatives indicated

that their mother had been a member or board member of a co-operative, but only 1.5 percent responded that their mother had been an officer in a co-operative or credit union. The percentages were similar in the total respondent population—17 percent of those who formerly held or currently hold positions of formal leadership in organizations of all kinds indicated that their mother had been a member or board member of a co-operative, and 2.5 percent responded that their mother had been an officer in a co-operative or credit union.

In contrast, women's participation in leadership positions in community organizations in general was markedly different: 66 percent of those who formerly held or currently hold positions of formal leadership in co-operatives indicated that their mother had been a member or board member of a community organization. Of that same group, 46 percent responded that their mother had been an officer in a co-operative or credit union. The percentages were similar in the total respondent population.

## Conclusions

Co-operatives make a significant contribution to the development of leadership in the province of Saskatchewan, providing role models for future leaders through the involvement of parents in leading co-operatives and credit unions, as well as other community organizations. Through the support of education and training initiatives, co-operatives increase their involvement in building the capacity of their members to take on leadership roles in the community. In addition, co-operatives are participatory democratic organizations, and involvement on co-operative boards helps to prepare individuals for more general community leadership.

As concluded in the community case studies, the ability to successfully engage in collaborate initiatives will become increasingly important to co-operatives and credit unions. To accomplish this, leaders need a vision of what collaboration can accomplish, sensitivity, and the ability to develop relationships with diverse stakeholders. Diversity in opinion and experience contributes to this ability.

As indicated in the literature review (appendix B), however, this has not always been achieved. It has been found, for example, that women, youth, and disadvantaged groups are under-represented in leadership positions, particularly in formal organizations. A 1994 profile of leadership in rural Manitoba shows that women are under-represented in community leadership, particularly as elected officials in formal organizations.<sup>1</sup>

Co-operatives can include a diversity of people and opinions from the community on their boards, which will help to strengthen and multiply the synergies among people and increase the numbers of those available for leadership. Unfortunately, women are under-represented in leadership positions generally, and in the co-operatives and credit unions of this study.

Clearly, women have the ability and desire to lead, as demonstrated by their representation in positions of leadership in general community associations and boards. A similar conclusion was reached by a 1996 study, *Women in Agriculture*, conducted by the Agriculture and Rural Restructuring Group of the Rural Development Institute in Brandon. They recommended that agricultural organizations wishing to gain new perspectives and new members could achieve their purposes by simply taking advantage of the contributions of farm women already active in community groups.<sup>2</sup> Co-operatives and credit unions would do well to follow that suggestion.

## Endnotes

1. D. Ripley and R. Rounds, *Profiles of Individuals in Leadership Positions with Rural Manitoba Organizations* (Brandon: Rural Development Institute, 1994).
2. More extensive recommendations for action around increasing women's participation in co-operatives is also to be found in L. Theis and L. Hammond Ketilson, *Research for Action: Women and Co-operatives* (Saskatoon: Centre for the Study of Co-operatives, 1994).



## Functional Groupings of Communities

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To examine in more detail the relationship between co-operative activity and the communities in which co-operatives are located, the study made use of a categorization of communities developed by Stabler and Olfert.<sup>1</sup> This system placed communities in one of six groupings, each of which corresponded to a different level of a functional hierarchy.

Stabler and Olfert described the groupings as: Minimum Convenience; Full Convenience; Partial Shopping; Complete Shopping; Secondary Wholesale-Retail; and Primary Wholesale-Retail. Communities below the Primary and Secondary Wholesale-Retail levels were assigned to one of four functional categories using a cluster analysis program, which grouped together communities that were similar in terms of population, commercial functions (as represented by 30 Standard Industrial Classification (SIC) codes), and the number of doctors, hospitals, special health care facilities, high schools, and grain elevators.

Stabler and Olfert report the results of the cluster analysis for 1961, 1981, 1990, and 1995. Table A.1 presents the number of communities in each of the categories, as well as the average population in each category, for the 1995 analysis. As the relatively large standard deviation indicates, there is wide variability in the population within each category. This suggests that population is not always a valid indicator of the services

and functions performed by a community. Since it is this latter aspect that is thought to be important with respect to co-operative activity, this study used the functional groupings rather than the population groupings.

**Table A.1:** Functional classification of Saskatchewan communities, 1995

Functional Category	Number of Communities	Average Population	Standard Deviation
Minimum Convenience Centre	500	180	197
Full Convenience Centre	59	861	373
Partial Shopping Centre	22	2,050	723
Complete Shopping Centre	7	4,809	831
Secondary Wholesale-Retail	8	17,610	10,257
Primary Wholesale-Retail	2	184,236	7,792

Source: Stabler and Olfert.

**Reference**

1. See Jack C. Stabler and M. Rose Olfert, *The Changing Role of Rural Communities in an Urbanizing World: Saskatchewan—An Update to 1995* (Regina: Canadian Plains Research Centre, 1996).

# A Review of Concepts and Literature

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## Introduction

Throughout the twentieth century, co-operatives have played an integral role in the social and economic development of Saskatchewan. The formation of the first co-operative enterprises at the turn of the century grew out of the struggle of rural people to gain control over their local economies. They turned to co-operatives as a means of marketing their agricultural products and obtaining needed goods and services. A statement made in 1941 still applies today:

Saskatchewan provides to the rest of Canada stimulation and encouragement for co-operative action. It is probable that in no province or state on this continent with a population of approximately one million has the Movement made so much and such varied progress as in that prairie province.<sup>1</sup>

Co-operatives have been strongly associated with combined social and economic development initiatives in the province. There is a long-standing relationship between co-operatives and community economic development (CED). Not surprisingly, the CED literature provides valuable insights into the topic under examination. According to a 1989 report by the US Agricultural Cooperative Service to the United States Congress, co-operatives have been formed to meet at least two different circumstances—either to



correct a power imbalance, which has barred some individuals from participating on an equal footing in the marketplace, and/or to meet social and economic needs of those individuals who, acting alone, could not provide them.<sup>2</sup> Thus, it could be said that co-operatives have often been formed in response to community economic development agendas in rural communities. Regarding the present and future role of co-operatives, researchers<sup>3</sup> have advanced the thesis that “co-operatives correspond to a substantial degree to the characteristics of organizations needed for sustainable community development and that co-ops have a strong (though uneven) record of contributions to CED in Canada.”<sup>4</sup> Further, Hammond Ketilson et al. have suggested in *Climate for Co-operative Community Development* that “co-operatives are fundamentally a form of community development.”<sup>5</sup> In order for a co-operative to be formed and sustained within a community, there must be a willingness on the part of the local people to be involved, to take initiative, and to identify with the co-operative. In addition, as with community development in general, the members of the co-operative must consider *all* the stakeholders in the community when engaged in planning for the organization.<sup>6</sup> In order for large numbers of co-operatives to be formed, there must also be strong support from the wider social movement and from established co-operatives. This is true for all the strongest groupings of co-operatives in Canada today—from the caisses populaires in Québec, to the credit unions and small-town co-operatives in the Atlantic provinces and western Canada, and the agricultural co-ops across the country.<sup>7</sup>

A framework for considering the impacts of co-operatives on communities, developed through past research at the Centre for the Study of Co-operatives, has been used to structure the literature review for the present study. Unless otherwise noted, material used to explain the components has been taken from the sources indicated in endnote eight (page 206).<sup>8</sup> The seven different components of the conceptual model are:

- providing competitive goods and services;
- providing goods and services that would otherwise not be provided;
- the social role of co-operatives and social capital (called community cohesiveness in the 1991 study);
- community interest versus self-interest;

- additional economic activity created by the co-operative;
- the impact of management on co-operative behaviour; and
- local control over decision making.

In addition, the present study also examined relevant literature regarding the concept of social capital and the development of community leadership. To augment the work already done in the 1991 study, examples from outside the province of Saskatchewan have been chosen, where possible, to illustrate these different elements.

Of necessity, the literature review has been separated into different sections. A concern should be noted, however, regarding this type of structure. According to Tom Webb, from Co-op Atlantic, the separation of the social and economic impacts of co-operatives is a dangerous way to view the world. The general tendency in our society to compartmentalize the different activities in our lives has resulted in a divorce of the social from the economic. Furthermore, the drive of the capitalist-based economic system to return maximum profit means that social activities are often seen as impediments to economic activities. This gives a distorted view of the realities of life. It is vital to keep in mind that a complex relationship exists between social and economic roles, and that these roles will affect each other within both the co-operative and the larger community.<sup>9</sup>

## **Economic Components**

### **Competitive Goods and Services**

One of the traditional roles for co-operatives is to provide products and services at competitive prices, which becomes increasingly important as the number of businesses providing a service in a community declines. As this occurs, the ability of the remaining firms to charge higher prices increases, and price increases that occur in this manner may go unchallenged if the demand in the region is sufficient to allow only one firm to operate.

Co-operatives, on the other hand, can make different kinds of economic decisions because of the structure of their organizations. Rather than aiming for the highest possible profits, the co-operative can make decisions that will maximize the well-being of the local

community. Members may be willing to see their co-operative operate on a break-even basis, providing it allows the price they pay for the good or service to be lowered. This concern for the well-being of the membership of the co-operative and the surrounding community taking precedence over profitability is clearly illustrated in the Evangeline region of Prince Edward Island.<sup>10</sup> A case history analysis of the region notes, for example, that the main reason Chez Nous, a community service co-operative responsible for a care home for the elderly, was not developed as a worker co-op was because those involved wanted to ensure the full support of the entire community. They also wanted the price kept low enough so that all the seniors in the community could afford to live there should they choose to do so.

Figure 1 illustrates this role of providing competitive goods and services. The demand for the good or service in the community is given by  $D$ , while the average cost and marginal cost curves for the firm are given by  $AC$  and  $MC$  respectively. These cost curves represent a firm with a fixed investment cost and relatively constant variable cost. In the absence of other competitors, the firm will be able to act as a monopolist, charge a price  $p_m$  (determined by setting marginal revenue ( $MR$ ) equal to  $MC$ ), and earn a profit equal to the outlined rectangle.

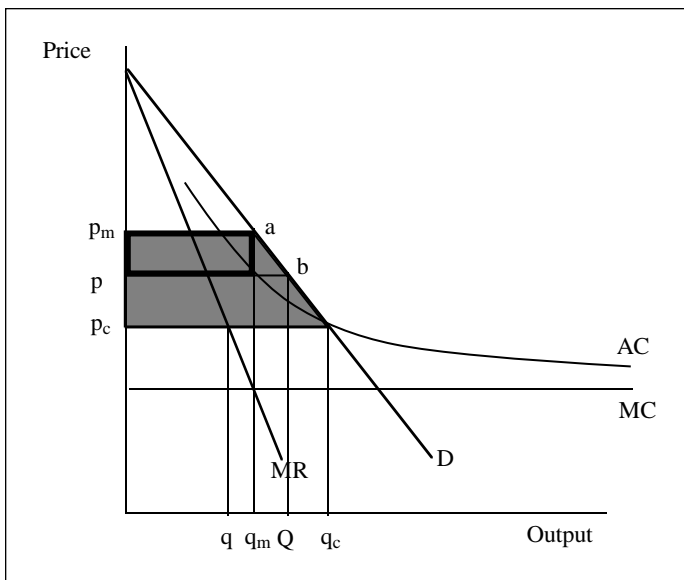


Figure 1: Market power and the role of co-operatives

Although profits are being earned by the firm, it is not profitable for another firm to enter the community to supply the good. For instance, suppose that the two firms are able to divide the market between themselves equally. As long as the  $MR$  curve lies below the  $AC$  curve, the two firms will be unable to earn positive profits. As an example, assume that the total

quantity produced by the two firms was equal to  $Q$ ; the price charged would then be  $p$ . With a 50 percent market share, the quantity each would sell would be equal to  $q$ . Since the MR curve is also the demand curve for a firm with a 50 percent market share, as long as MR is less than AC, both firms will lose money.

The problem in this situation is that the market is not large enough to support more than one firm, and with only one firm, there is an increased possibility of market power being wielded. As would be expected, this type of situation is more likely to occur as the number of people in a community falls. Wielding market power in a community has an impact on the people purchasing the good or service. In the absence of competition, there will be little incentive for a profit-oriented firm to lower prices, since doing so would result in smaller profits. Co-operatives, however, are able to consider the impact of high prices on their members when they make their pricing decisions.

Using figure 1 as an example, a co-operative might decide to price the good or service at  $p_c$ , resulting in a demand for the good of  $q_c$ . At a price of  $p_c$ , the co-operative would just be breaking even, while consumer members would be experiencing a benefit equal to the grey-shaded area. (In formal economic terms, the member gain is the change in consumer surplus, area  $p_m abp_c$ .) In fact, the gain experienced by members is greater than the loss in profits. Thus, members are willing to see the co-operative operate on a break-even basis, as long as it allows the price they pay for the good or service to be lowered.<sup>11</sup>

### **Provision of Goods and Services Not Otherwise Provided**

A co-operative also has a role to play in providing goods and services that would otherwise not be provided were the co-operative not present. This is vital for smaller or isolated communities, where this situation is all-too-frequently the case, as in many of the rural communities in Saskatchewan. Through the commitment and support of the co-op members, the broader community is bolstered both economically and socially.

Examples of the importance of the co-operative's role in this regard can obviously be found outside of Saskatchewan as well. David Vail notes that part of the "All Sweden Shall Live!" campaign has been to save the local country stores so that those unable to

travel will still have access to necessary supplies. As a result of the campaign, some remote Swedish villages have joined together in a purchasing co-operative in order to maintain their village stores.<sup>12</sup> Bengt Lorendahl has also written about the resurgence of Swedish co-operatives in the last ten years.<sup>13</sup> According to Lorendahl, the desire of people in more sparsely populated areas to stay in their communities has led to the development of co-operatives to provide goods and services, as well as employment.<sup>14</sup> Another example comes from the west country of Ireland, known as the Gaeltacht (Irish speaking) districts.<sup>15</sup> According to an essay written in 1981, twenty-two co-operatives emerged in the region to respond to local needs.<sup>16</sup> Examples include summer colleges for Irish language, printing and publishing of Irish language texts, group water schemes, and small industry. A final example is provided by the Evangeline district of PEI, where there was a strong feeling that the Acadian culture needed to be protected and preserved. One way to fulfil this need was by forming the Community Communications Co-operative, through which the French language and culture could be broadcast into the homes of the communities.<sup>17</sup> Clearly, it is the character of the co-operative organization, based in a democratic local membership, that allows for this type of action.<sup>18</sup>

The economic argument for providing goods and services that would otherwise not be available is an extension of the argument made in the section on competitive goods and services, above, with respect to market power. Following the earlier example, suppose that the demand for a locally supplied good or service has fallen to the point where it is no longer possible for a profit-oriented firm to stay in business. This would occur, for instance, if the rate of return on the investment fell sufficiently to no longer be competitive with other investment opportunities. In this situation, pressure would exist for the firm to leave the area. While this might not happen immediately (often a firm is trapped in a community because no sale exists for its assets), when it eventually does, there will be little chance of someone else stepping in to provide the service. Although there may be little profit to be derived in providing the particular good or service, it may nevertheless be economically advantageous for consumers to have the good supplied. This will be the case if it is costly (in terms of time and money) for them to travel to other communities in order to purchase the good or service.

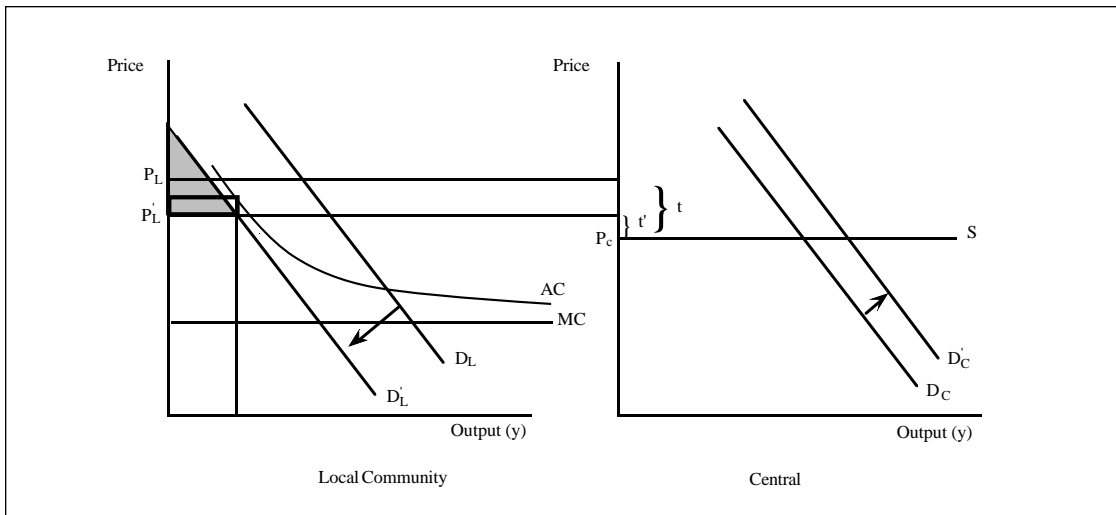


Figure 2: Co-operative provision of goods and services that would otherwise not be provided

Figure 2 illustrates this situation graphically. The left-hand side of the figure shows the demand at the local community level. Due to shifting population (fewer people in the community) and reduced transportation costs ( $t$  to  $t'$ ), demand at the community level shifts in from  $D_L$  to  $D'_L$ . At the same time, demand at the more central location shifts out from  $D_c$  to  $D'_c$ .

The effect of reduced transportation costs in this example is particularly interesting. With a reduction from  $t$  to  $t'$ , the price at the local level falls to  $P'_L$ . While this makes the goods cheaper at the local level (the local price ( $P_L$ ) is equal to the central price ( $P_c$ ) plus transportation costs), it also makes goods purchased at central locations less expensive, thus making it cheaper for people in the community to shop elsewhere.

Even with reduced transportation costs, demand at the local level will not completely disappear. This is partly a result of the fact that some people in the community are not mobile (e.g., the elderly) and also because people like the convenience of having certain goods and services nearby (e.g., basic groceries, minor repairs, and parts). If the cost structure of the firm supplying the good or service is given by average and marginal cost curves  $AC$  and  $MC$ , then a shift in demand to  $D'_L$  will mean that the good will no longer be supplied locally. This follows because  $D'_L$  lies below  $AC$  at every point, implying that there is no quantity for which consumers are willing to pay a price that is above the costs of pro-

viding the good. For instance, at price  $P'_L$ , the loss to the firm supplying the good is given by the outlined rectangular area. It should be noted that this loss might not be negative profits, but simply a rate of return that is less than a competitive rate elsewhere in the economy.<sup>19</sup> As a result of losing the local business, people who do purchase locally are made worse off, which can be measured by the grey-shaded area in figure 2.

The loss to consumers from the closure of the business is greater than the loss that would be incurred were the business to continue to operate. This suggests that it would be economical for the good to be supplied, as the benefits of having it supplied are greater than the costs of supplying it. As long as ownership of the firm is separated from the people who consume the good or service, however, it will never be advantageous for the good to be supplied.

The problem can be solved by having the costs and benefits incurred by the same group of people, as is the case with a co-operative or a community-run firm. If a co-operative were to operate this business, for instance, its members would encourage it to stay in business, even though it is not earning a competitive rate of return. As can be seen, the behaviour of the co-operative would be quite different from that of a profit-oriented firm.

## Social Infrastructure and Social Capital

Before beginning on the specific task of examining the social role of co-operatives in the community, it is important to discuss in general terms what is meant by community social infrastructure and community social capital.<sup>20</sup> This is critical not only because of the social role of co-operatives, but also because of how these two elements affect the other components of the co-operative impact in the community. In recent years, researchers interested in sustainable rural and community development have begun to look beyond mainstream economic thought. As economist David Vail states, “It seems to me vacuous to speculate about some future generation’s well-being, defined as the sum of individual utilities, while ignoring the cultural meanings, values, and norms, and the social relation-

ships that shape individuals' lives."<sup>21</sup> Much of the concern in the community development literature centres around the breakdown and decay of communities and the isolation of the individual in society.<sup>22</sup>

One response to these concerns over community breakdown has been to take a closer look at what many researchers refer to as social capital. Cornelia and Jan Flora include social capital as one of the three components critical for the development and maintenance of dynamic and vibrant communities. The first two, which are relatively well known, are: 1) the physical infrastructure—the development of railroads, telecommunications, roads, postal services, etc.; and 2) the personal infrastructure—the development of individual leadership within the community.<sup>23</sup> The importance of leadership development is discussed more fully elsewhere in this report. The third necessary component—the social infrastructure—has been given less attention by researchers and CED workers.<sup>24</sup> It is, nevertheless, the key ingredient that ties together the physical and the human, allowing the community to grow and develop.

James S. Coleman defines the concept of social capital through its function.<sup>25</sup> Unlike other forms of capital, it is not a single entity but a variety with elements in common. Furthermore, "*social capital inheres in the structure of relations* between actors and among actors. It is not lodged either in the actors themselves or in the physical implements of production."<sup>26</sup> Social capital is brought about, therefore, through networks, social norms, and social trust. Indeed, contrary to popular thought regarding competition in the marketplace, community members will develop social capital only through co-operation and mutual aid.<sup>27</sup> The acquisition of information is a powerful example of the importance of social capital. Through positive social relations, often maintained for other purposes, information can be obtained that is useful for business, politics, and/or social obligations.<sup>28</sup>

An important aspect of the formation of social capital, often to its detriment, is that social actions and efforts may not necessarily directly benefit the individual who undertakes them and consequently may not be performed. If this is the case, social capital will not build in the community. For example, if A asks and receives a favour, and contracts an obligation from B, he does so for the needed benefit. There will be little thought given



to the fact that the linkage with the other person will add to the social capital fund, which will be tapped at some future date by B. Thus, if A goes outside the community for assistance, or acts alone and does not seek assistance, then social capital will not grow in the community.<sup>29</sup> This aspect of the accumulation of social capital will be expanded upon in the section below dealing with self-interest versus community interest.

According to Flora and Flora, there are three major aspects to the formation of an entrepreneurial social infrastructure, or positive social capital development—symbolic diversity, resource mobilization, and quality of linkages.<sup>30</sup> Symbolic diversity exists in communities that value diversity of opinion, accept controversy, and allow for the discussion of alternative solutions; in addition, politics are depersonalized and community leaders focus on the quality of the process rather than on winning. Symbolic diversity also implies permeable community boundaries.<sup>31</sup> There is a tendency to include rather than to exclude people at the margin. Two serious blockages to symbolic diversity are often found in rural areas. The first is the high density of acquaintanceship, which leads to the second—role homogeneity.<sup>32</sup> These blockages often lead to the suppression of controversy, thus allowing problems to fester and grow within a community. What is key here for healthy development is the ability of a community to be inclusive rather than exclusive.

It is also critical that the community be able to collectively mobilize all available resources for investment *within the community*. Ways must be found to allow community members to invest in some form of group enterprise, rather than concentrating on private, individual investment. If a large number of people are able to invest, and are publicly acknowledged for investing resources such as time and knowledge, along with financial resources, then the community's social capital fund will be augmented. In one northern US community studied, for example, resource mobilization was judged to be relatively low. Not only was collective investment in the community infrastructure low, but some groups, such as young people and the elderly, were seen solely as resource users rather than as potential community resources.<sup>33</sup> Flora and Flora have also found that there is little entrepreneurial activity, either by individuals or by the larger community, in areas where the resources available for investment are concentrated with only a few individuals.<sup>34</sup>

The final element necessary for the development of positive social capital is the formation of high quality formal and informal networks.<sup>35</sup> These networks need to be diverse, i.e., spread throughout the community. Multiplicity of networks will not only make community members aware of the different problems to be dealt with, but will also encourage more innovative solutions. This will also help the development of diversity in community leadership. Linkages also need to be developed, both horizontally and vertically, outside the community. Through horizontal networks, communities can glean development ideas from other communities and groups like themselves. The response to knowledge gained through these types of efforts is often, “If they can do it there, then we can do it here.” Vertical networks, which link community members with public and private resources beyond the community, provide needed information, technical assistance, and financial resources.<sup>36</sup> These linkages can be built through formal organizations or informal relations.

According to Jack Stabler and Rose Olfert, consolidation of the trade centres in Saskatchewan will continue.<sup>37</sup> By 1995, there were only thirty-nine communities remaining in the top four functional categories identified in their research, a loss since 1961 of ninety-nine communities, all from the third and fourth categories.<sup>38</sup> The pressure on individual communities, and on rural communities as a whole, makes the development and deployment of social capital more critical. Social capital is a strategic resource, and adds greatly to the value of investments in physical and personal/human capital.

### **The Social Role of Co-operatives**

Co-operatives and credit unions can play important roles in the development of social infrastructure within a community. At the same time, it is evident that the character of a community can be key to the success of the co-operative. There is a positive feedback, or interdependence, between the co-operative and the community’s sense of identity. Comments made during key informant interviews during the 1991 study (Fulton et al.) indicate that community is valued and that co-operatives play a role in maintaining that sense of community. Comments also indicate that community is not something tangible to

which one can point and say, “That is community.” It is viewed rather as part of everyday life, of people interacting with each other as they go about their regular business. Furthermore, the co-operative is viewed differently from a 7-Eleven, for example, which indicates that something collectively and locally owned and controlled takes on an added, or a different, value.

Size of community seems to have an influence on the perceived social role of co-operatives and the contribution they make to community cohesiveness. In the smallest of the communities examined, there had been a long history of co-operative community activity. The co-operative store was more than just a point of business; it was often the social and economic hub of the community. Residents went there to pick up their mail, have coffee, catch up on community news, or plan events.

In the larger communities, even if the co-operatives had a broad base of support, the majority of their activities were found to be of the *good corporate citizen* nature. They supported local clubs and events financially, and also participated in parades and other community activities. Involvement in the community as an organization consisted, for example, of donations to local clubs, provision of scholarships and bursaries, and purchase of 4-H calves. A number of comments from the 1991 study, however, indicated that many of these co-operative organizations were somewhat more community-oriented, beyond being good corporate citizens.

The relationship with branch organizations meant that financial contributions and support were made to all communities, not only the central one, where the co-operative was based. Involvement by staff in community events was also noted as an important contribution to the viability of some communities. As one manager interviewed for the 1991 study said, “We want to employ staff who are prepared to participate in the community. The board emphasizes community involvement and will pay for staff memberships in local clubs.” In other communities, those interviewed talked proudly of their volunteer commitments. Among the board members in particular, it seemed to be an indication of a good manager if he or she were actively involved in community activities.<sup>39</sup>

## Community versus Self-Interest

There is an additional element that should be considered in the question of local versus central provision of goods and services. Suppose that due to demand shifting from the local to the central level, a local business faces the prospect of having to raise prices in order to cover costs. This could be the case if, as a result of falling demand, the firm is unable to achieve the level of economies of scale it once did. This increase in price, however, is likely to lead to more people by-passing the local area to shop at a central location, which in turn will lead to higher prices yet again.

The problem has many of the elements of a Prisoner's Dilemma. Individuals in a community decide to shop at the central location because it is beneficial for them to do so. When a large number of people do this, however, the result is higher costs for the firm and higher prices for consumers. Over time, such behaviour may even lead to the local firm closing down. Thus, in attempting to increase their individual welfare, the residents have actually reduced the overall welfare of their community.

Co-operatives and community-owned businesses offer a possible solution to this problem. Through collective ownership of a business, community or co-operative members may be more likely to see the effect of by-passing their local store or business, and hence be more likely to alter their behaviour. As a result of residents changing their buying habits, a locally owned business might actually be able to prosper. This will happen if the increased sales are sufficient to lower costs and achieve economies of scale.

The above arguments are also applicable in the case of social activities and services that might be provided in a community. Although such services are distinct from the business activity in a community, there is nevertheless a correlation. The loss of a grocery or hardware store, for example, may remove the only natural place for people in the community to meet, discuss local issues, and receive support and encouragement. The formation of a co-operative or community-owned business may be one way of getting people to realize that their business decisions and social activities are related. Building community spirit and being aware of the linkages between social and economic activities are vital to the well being of the community.

### **Additional Economic Activity**

Co-operatives and community-oriented enterprises can also play a role in attracting and retaining additional economic activity in a local area. The argument here is similar to that made above with respect to the provision of a good or service that would otherwise not be provided. In the case of additional economic activity, however, the focus is not so much on what members of the community receive as consumers, but rather on the benefits that flow to the community as a result of having additional employment and its corresponding spin-offs.

It is useful at this point to once again distinguish between the behaviour of a profit-oriented firm, on the one hand, and a co-operative or community-based firm, on the other. For a profit-oriented firm, any new business venture would have to be profitable enough to earn as good a rate of return as could be earned elsewhere in the economy. For a community-oriented firm, profitability would not be the only consideration. Such firms would also be interested in the effect of the new venture on employment, as well as in the resulting spin-off effect of that employment on the health of other firms in the community. If these other benefits were large enough to offset any loss in profits, then the new venture would be economical and should be pursued. An excellent example of this is the local credit union support for Women and Rural Economic Development (WRED), a CED organization in Ontario that focusses on local grassroots development, networking, and information exchange.<sup>40</sup> According to statistics gathered in April 1996, the Rural Enterprise Loan Fund, a micro lending program with loans deposited and administered by the credit union involved, had generated \$2.4 million in gross revenue and helped 230 women start their own businesses.<sup>41</sup>

Co-operatives would obviously want to encourage a business that provided employment and economic activity in the community. This is particularly true for worker co-operatives, in which case the benefits would not be limited to the profitability of the enterprise. The workers would also be interested in the possibility of employment opportunities that would otherwise not exist, for example, in a community where other jobs are unlikely to be forthcoming.

Members of other types of co-operatives might also have an interest in seeing additional economic activity undertaken in the community. Unless the benefits of this activity are spread rather generally across the membership of the co-operative, however, it may be difficult to persuade the majority to support the proposed enterprise. Co-operatives are thus likely to be rather selective about the types of activities they will support.

### **The Impact of Management on Co-operative Behaviour**

The impact of management on the market behaviour and operation of a co-operative will also determine the role that co-operatives play in a community. One study of consumer co-operative managers conducted on the east coast of the United States in the 1970s examined the reasons for success and failure of co-operative organizations.<sup>42</sup> The researcher was interested in identifying the reasons for the conservative behaviour of a group of co-operatives that were either stable or in decline—a group he designated the *frozen co-operatives*.

The researcher identified a belief that business success and social (or co-operative) values were incompatible. This belief led to two world views, resulting in two types of leaders/managers. The first was the *trader*, who believed that economic criteria alone should drive decision making. This individual saw adherence to co-operative principles as a burden and a barrier to business success. The other type of leader was the *idealist*, who was prepared to compromise economic criteria in order to adhere strictly to co-operative principles. Neither approach resulted in rapid improvements in sales or profitability. What did work, however, were business strategies focussed on translating social values into business operations, which resulted in both improved business performance and increased member benefit by providing distinctive services to the customer/member. There was no need for business efficiency to be in opposition to socially responsible behaviour. The key thing was to identify the social values of the stakeholders (member/customers) and to demonstrate them through the actions of the co-operative.

A more recent study of Saskatchewan's Co-operative Retailing System indicated that the board of directors in smaller co-operatives had a significant impact on the daily operations of the retail.<sup>43</sup> Since co-operative management in small and medium-sized

communities will be heavily influenced by the interests of the board—these being individuals living in those communities and having a strong vested interest in their viability—it is expected that co-operatives will be engaged in activities with a strong community orientation, both economic and social.

### **Local Control over Decision Making**

Merger and growth are extremely contentious issues. From the members' perspective, growth of the organization is often viewed as negative because it dilutes member control. At the same time, it also allows economies of scale to be achieved, resulting in lower costs.

Merger with a central organization results in a shift of decision making from the local level to the central organization. Conflicts may arise between management at the local and central levels, as well as within the membership. An associated cost from the perspective of the membership is the increased probability that management will dominate in decision making.<sup>44</sup> Local autonomy is seen as one of the central features of many co-operative systems, although this has been modified somewhat in some of the co-operative structures in Saskatchewan.

Some researchers suggest that within the agricultural sector, a centralized organization “capable of directing and, on occasion, coercing their members” may be necessary.<sup>45</sup> The major agricultural co-operative in Saskatchewan, which has been very successful, has adopted a modified version of this type of structure. The relationship between organizational structure and market performance has also been found to be significant under certain conditions. In such situations, loss of local autonomy may become an accepted fact.

LeVay argues that while an organization may retain its co-operative *form*, it loses its co-operative *character*,<sup>46</sup> but suggests, however, that this is necessary for organizational survival. The centralized structure enables senior decision makers to have a large measure of control over local or branch co-operatives. And although there are mechanisms established to allow for the participation of local members in decision making, they are based primarily on a representative, rather than a participatory, model.

The credit union system, although modeled on a federated structure, possesses characteristics of a unitary context for inclusive decision making.<sup>47</sup> The legitimacy for control over the actions of the autonomous credit unions at the local level rests in legislation enacted in the province. In accordance with the Saskatchewan legislation, a credit union is required to meet the “standards of sound business practice” prescribed by the Credit Union Deposit Guarantee Corporation.<sup>48</sup> If it fails to meet these standards and does not respond to suggestions by the corporation as to how it might, it is subject to being placed under supervision until such time as its business status improves or it successfully merges with another credit union.

Consumer co-operatives differ from both the agricultural and financial co-operatives. The pattern has traditionally involved retail co-operatives organizing independently at the local level and subsequently pooling resources in order to purchase a wholesaler. The retailers own the wholesaler and formally control its decision making through their representatives on the board of directors.

Despite the efficiencies to be gained, there has been a particular reluctance in this sector to merge into a centralized body. This is due to a feared threat to the local autonomy of the members in the federated organization. If there is a sharing of goals between units, however, it is possible to have high levels of interdependence without conflict in the federated context. Conflict may arise, however, if authority over decision making as it affects the unit does not remain at the unit level.<sup>49</sup>

Countervailing power is created by the values underlying the principles of the co-operative organizations.<sup>50</sup> This power enables the retailers to maintain control over their organizational decision making, while at the same time having input into the decisions of the wholesaler. Countervailing power also contributes to the level of satisfaction with the retailer/wholesaler relationship, adding to a sense of unity among retail members, and fostering stability within the system. Because of the nature of co-operative organizations and the desire to maintain co-operation among co-operatives, the retail has a strong motivational investment in goals mediated by the co-operative wholesaler. And despite disagreements that may exist with the wholesaler, there is a commitment to developing a strong retailing system.



## Co-operatives and Community Leadership

As noted above, strong leadership is one of the vital components for CED in rural communities.<sup>51</sup> This section raises the following questions on the subject:

- What leadership is available in rural communities?
- What kind of leadership is necessary for CED in rural communities?
- What impact can co-operatives have on the development of that leadership?

According to Ronald Hustedde, rural communities must contend with three major issues when trying to build up their leadership base.<sup>52</sup> First, there is the smaller population base out of which the community can draw its leadership. One of the leading causes of this problem is the loss of leadership due to out-migration.<sup>53</sup> This has been a significant component of the restructuring of rural Saskatchewan that has taken place during the last forty years. By 1971, Saskatchewan's once-strong rural population had become a minority.<sup>54</sup> Compounding this problem is the numbers of people in the labour-force age group (approximately twenty to sixty-four years) who have left smaller centres for urban communities.<sup>55</sup> Thus, rural communities may not have the critical mass of leadership potential necessary for collective action within their communities.

Second, the rural community must often rely on volunteers to provide leadership (and followers) for community projects, since they frequently do not have the resources to hire staff and specialists. As a result, people must often learn the required skills on the job.<sup>56</sup> According to Statistics Canada data, the highest volunteer rates are found in rural and small urban areas with populations of less than fifteen thousand.<sup>57</sup>

Finally, rural communities frequently lack the information resources useful for community projects. Due to isolation and a reliance on more traditional sources of information, communities may not even be aware of what resources exist.<sup>58</sup> In addition, education levels, an indicator of the capacity to participate in the "knowledge-intensive" sector, are lower in the rural areas of Canada.<sup>59</sup>

These problems faced by rural communities are further compounded by other issues surrounding leadership roles. It has been found, for example, that women, youth, and

disadvantaged groups are under-represented in leadership positions, particularly in formal organizations.<sup>60</sup> According to a case study of twenty-four communities in rural United States, African-Americans and poor people seem to have limited access to power positions in community actions.<sup>61</sup> A 1994 profile of leadership in rural Manitoba shows that women are under-represented in community leadership, particularly as elected officials in formal organizations. In larger communities, women had more representatives among informal community leaders, but size of community made no difference to their representation in formal organizations.<sup>62</sup>

Another important factor is the length of time that leaders have resided in the community. Although it is possible for newcomers to become involved in community affairs, it is more likely that long-term residents will be in positions of leadership.<sup>63</sup> This, of course, runs counter to the evidence (discussed above) that a more diversified network of people, including those in leadership, will contribute greatly to community vitality.

Taking into account the characteristics and challenges of rural community leadership, researchers have noted three basic types of leaders.<sup>64</sup> The first is the *transactional* leader, or the leader as manager. Through a contractual relationship, the transactional leader provides day-to-day management of local community infrastructure. Since this type follows more functional ideals, however, he/she tends to look only at such things as short-term goals/profits, and cost-benefit analysis. As a result, the transactional leader is not helpful for building long-term community cohesiveness.

The second type is the *transformational* leader, of whom Burns says: "Such leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality."<sup>65</sup> The relationship between transformational leaders and their followers is voluntary, based on common goals. The issue here is that the concern is often for a specific organization, such as the local co-operative, rather than the whole community. It may follow from this that an action, good for the group or organization, may be undertaken to the detriment of the larger community. Another problem with this type is that leadership development within the group may be neglected.<sup>66</sup>

Hustedde's third leadership type is the *community-based* leader. Unlike the transactional or transformational models, the community-based leader looks at the interests of the whole community. With the use of this model, therefore, there can be an exchange of roles between followers and leaders, with followers playing a more active part. The community-based model is a "consensual task, a sharing of ideas and a sharing of responsibilities, where a leader is a leader for the moment only."<sup>67</sup> There are, of course, disadvantages to this approach. One is that with a focus on the whole community, the status quo may be maintained. Others argue that this approach is "naive and ineffective" and will not deal with special-interest groups, power issues, or self-centred individuals.

In reality, communities make use of all three types of leadership. It should be remembered that the models are just that—models. Israel and Beaulieu have found that what they refer to as *the generalized leaders* have the most significant effect on successful local community development.<sup>68</sup> This point has also been emphasized by researchers such as Choy and Rounds, and Hawker, who based their work on that of Johannison.<sup>69</sup> According to a taxonomy developed by Johannison, *the community entrepreneur* (leader) "seeks projects which can reduce socioeconomic risks being imposed on the community [and] considers the development of the community as a main personal goal."<sup>70</sup> This contrasts with *the autonomous entrepreneur*, who "seeks situations where hazardous activities can be organized as independent projects [and] considers the community as a means for attaining personal goals."<sup>71</sup>

Through case study analysis, Young and Charland have also shown the importance of the generalized or community-based leader.<sup>72</sup> Included in a list of similarities among the different success stories they examined were leaders who acted as a sparkplug, mobilizing the community behind different initiatives, and in some cases passing the leadership role on to others to carry on the necessary work.<sup>73</sup>

Another aspect of leadership has been studied more closely during the last twenty years and deserves some attention here. As more women have taken up leadership roles in our society, researchers have begun to note the differences in leadership and participation styles between men and women. This is an important point, since one component in the

development of social capital is increased diversity of opinion within a community. Through case study analysis of the Women for the Survival of Agriculture (WSA), Pearson has shown two different models of women's leadership.<sup>74</sup> The two types, which she refers to as the *connected procedural leader* and the *separatist procedural leader*, are quite similar to the leadership models discussed above.<sup>75</sup> Pearson's theoretical model is based on research regarding women's empowerment and participation developed by Belenky et al. in their work, *Women's Ways of Knowing*.<sup>76</sup>

The WSA began their organizational life with a connected procedural leader, Dotty Harris, who was seen, among other things, as a skilful communicator, empathetic and inclusive, and diplomatically assertive. Although Harris occasionally brought in "professionals," she always tried to involve as many members as possible and to delegate as much authority as possible within the local regions and communities.

The subsequent leader, Dede Morris, was a good example of a separatist procedural leader. Her style was adversarial, and emphasized the development of a formal structure. Morris relied on professionals, procedures, and logical argument to sway the organization to what she saw as the best solution. Despite the fact that the formalization of the organization may have been inevitable, a significant number of women were disempowered by the resulting leadership. It was found that many who did not agree with Morris would rather have left the organization than try to counter with similar types of arguments and "toughmindness." It was clear that this type of leadership did not transform, but rather, silenced. Based on this example, it is clear that women can bring to leadership a style that is inclusive and consensual. This is not automatic, however. Without a conscious effort to do otherwise, women leaders and their organizations may also slide towards more adversarial models.

Many works deal with practical aspects of leadership development and recruitment strategies. For example, the Canadian Agriculture Lifetime Leadership (CALL) Program, recently initiated by the Canadian Farm Business Management Council, is using the Leadership Practices Inventory (LPI) as part of their leadership development program.<sup>77</sup> Another recent example is the leadership development program available through Women

and Rural Economic Development (WRED).<sup>78</sup> Other examples include *Restructuring Rural Communities Part 2: Grazing the Ideas, Approaches, and Resources of Selected Countries*, by H. Baker; and *Developing Community Leadership: The Excel Approach, 1992*, from the Missouri Rural Innovation Institute.<sup>79</sup>

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16. *Ibid.*, p60.
17. Wilkinson and Quarter, pp46–47 and 81–82.
18. Many other examples can also be noted. See, for example, Wilkinson and Quarter; Fairbairn et al., *Co-operation and Community Development*; Hammond Ketilson et al., *Climate for Co-operative Community Development*; and F. McGuinness, *Bootstrap Three: Enterprise Stories from Rural Manitoba* (Brandon: Manitoba Rural Development, 1994); and USDA, *Cooperatives and Rural Development*.
19. This follows because the AC and MC curves are drawn on the basis that they incorporate a normal rate of return.
20. The theoretical concept of social capital has been discussed by a number of different theorists in a number of different disciplines ranging from economics to sociology. The three major writers who have developed some body of work are James Coleman, Robert Putnam, and Pierre Bourdieu. For a more detailed discussion of the controversies and issues surrounding the development of social capital theory, please consult the following sources (as well as the material cited in this report): Bourdieu, P. *Sociology in Question*. London: Sage Publications, 1993; Putnam, R.D. "Bowling Alone: America's Declining Social Capital." *Journal of Democracy* 6 (1995): 65–78, and "The Prosperous Community: Social Capital and Public Life." *The American Prospect* 13 (1993): 35–42; Robison, L.J., and A.A. Schmid. "Interpersonal Relationships and Preferences: Evidence and Implications." In *Handbook of Behavioral Economics*. Vol. 2B. Eds. B. Gilad and S. Kaish. Greenwich, Conn.: JAI Press, 1991: 347–60; Robison, L.J., and M.E. Siles. *Social Capital and Household Income Distributions in the United States*, 1980, 1990. Agricultural Economics Report Number 595 and JSRI Research Report #18. East Lansing, Michigan: Michigan State University Department of Agricultural Economics and the Julian Samora Research Institute, 1997; Thomas, C.Y. "Capital Markets, Financial Markets, and Social Capital." *Social and Economic Studies* 45 (1996): 1–23; Wall, E., G. Ferrazzi, and F. Schryer. "Getting the Goods on Social Capital." *Rural Sociology* (forthcoming 1998).
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22. G. Alperovitz, "The Reconstruction of Community Meaning," *Tikkun* 11 (1996): 13.
23. C.B. Flora and J.L. Flora, "Entrepreneurial Social Infrastructure: A Necessary Ingredient," *Annals, AAPSS* i. 529 (1993): 49. To differentiate it from "social capital," Eva Cox refers to the second component as "human capital." Please see E. Cox, *A Truly Civil Society* (Sydney: ABC Books, 1995), p15.
24. Flora and Flora, p49.
25. J.S. Coleman, "Social Capital in the Creation of Human Capital," *American Journal of Sociology* 94 Supp (1988): S70.
26. *Ibid.*
27. Cox, p18.
28. Coleman, pS104.
29. *Ibid.*, pS117.
30. Flora and Flora, p50.

31. C. Flora, "Social Capital and Sustainability: Agriculture and Communities in the Great Plains and Corn Belt," *Research in Rural Sociology and Development* 6 (1995): 236.
32. See Flora and Flora, p52, for a fuller explanation of these blockages.
33. C. Flora, p239.
34. Flora and Flora, p55.
35. *Ibid.*, p56. See also Coleman, and Cox, pp22–24.
36. C. Flora, pp240–41, and Flora and Flora, pp56–57.
37. J. Stabler and M.R. Olfert, *The Changing Role of Rural Communities in an Urbanizing World: Saskatchewan: An Update to 1995* (Regina: Canadian Plains Research Centre, 1996).
38. *Ibid.*, p11.
39. For a further discussion of co-operative action in communities, consult the following sources, as well as the material already cited in this report: Canadian Co-operative Association. *Family Friendly Co-ops in Canada*. Ottawa: Canadian Co-operative Association, 1992; COPAC. *Status and Role of Co-operatives in the Light of New Economic and Social Trends*. Rome: COPAC Secretariat, 1992; Desjardins Group. *Annual Review*. Québec: Desjardins Group, 1992. (The Desjardins Group has been using a social audit program for a number of years.); Dunn, J. *Co-operative Education Survey: Cooperatives' Version: Summary of Findings*. Washington, D.C.: United States Department of Agriculture, Agricultural Cooperative Service, 1993; Eckert, R.A. *Benefits Arising for Small-Scale Credit Unions in the Northwest Territories*. Yellowknife, NWT: NWT Co-operative Business Development Fund, 1990. Fairbairn, B., L. Hammond Ketilson, and P. Krebs. *Credit Unions and Community Economic Development*. Saskatoon: Centre for the Study of Co-operatives, 1997; Flora, J.L., H. Hansen, J.S. Sharp, and C. Flora. "New Cooperatives, Community, and Entrepreneurial Social Infrastructure." Ames, Iowa: Dept. of Sociology, 1996, unpublished paper; International Joint Project on Co-operative Democracy. *Making Membership Meaningful: Participatory Democracy in Co-operatives*. Saskatoon: Centre for the Study of Co-operatives, 1995; Pestoff, V. "Goal Deflection, Voluntary Failure, and Social Accounting for Co-operatives and Nonprofit Organizations." Paper presented to the Research Forum of the International Co-operative Alliance, Manchester, England, 17–18 September 1995. Stockholm: Stockholm University, 1995; Theis, Leona, and Lou Hammond Ketilson. *Research for Action: Women in Co-operatives*. Saskatoon: Centre for the Study of Co-operatives, 1994.
40. Canada, Human Resources Development, "Overview of Women and Rural Economic Development," *Community Development Notes* 7, no. 2 (1997): 4–5.
41. *Ibid.*, p5.
42. R. Briscoe, "Traders and Idealists: A Study of the Dilemmas of Consumer Cooperatives" (PhD diss., Harvard University, 1971).
43. L. Hammond Ketilson, "Strategy Formulation in Consumer Co-operatives: An Integrative Model of Organizational Ideology and Context" (PhD diss., University of Saskatchewan, 1988).
44. C. LeVay, "Agricultural Co-operative Theory: A Review," *Journal of Farm Economics* 35 (1984): 1–43; G.N. Ostergaard and A.H. Halsey, *Power in Co-operatives: A Study of Democratic Control in British Retail Societies* (Oxford: Blackwell, 1965).
45. G. Foxall, "Co-operative Marketing in European Agriculture: Organizational Structure and Market Performance," *International Marketing Review* spring/summer (1984): 42–57.
46. LeVay.
47. R. Warren, "Interorganizational Field as a Focus for Investigation," *Administrative Science Quarterly* 12 (1967–68): 404. Warren provides an explanation with his discussion of inclusive contexts for decision making. He identifies four different contexts—unitary, federative, coalitional, and social choice—each differing from the other in terms of six factors: (1) relation of units to an inclusive goal; (2) locus of in-

clusive decision making; (3) locus of authority; (4) structural provision for division of labour; (5) commitment to a leadership system; and (6) prescribed collectivity orientation of units. The contexts vary from one extreme to the other, with the unitary context representing a situation where units are organized for the achievement of singular goals, requiring centralized authority, definite divisions of labour for task achievement, and high commitment to leadership-established norms, whereas the social choice context describes a situation of autonomous units drawn together to focus on a particular issue, without the sharing of goals or structure and with decisions made at the level of the unit.

48. *Credit Union Act*, 1985, c.C-45.1, s.257(1).
49. See Warren.
50. See J.R.P. French and B. Raven, "The Bases of Social Power," in *Studies in Social Power*, ed. D. Cartwright (Ann Arbor: University of Michigan Press, 1959).
51. This section of the literature review is focussed on rural community leadership.
52. R.J. Hustedde, "Developing Leadership to Address Rural Problems," in *Rural Community Economic Development*, ed. N. Walzer (New York: Praeger, 1991), 111-23. See also D. Israel and L.J. Beaulieu, "Community Leadership," in *American Rural Communities* (Boulder: Westview Press, 1990).
53. *Ibid.*, p181. See also: J. Stabler and R. Olfert, *Restructuring Rural Saskatchewan: The Challenge of the 1990s* (Regina: Canadian Plains Research Center, 1992); and D. Ripley and R. Rounds, *Profiles of Individuals in Leadership Positions with Rural Manitoba Organizations* (Brandon: Rural Development Institute, 1994).
54. R.D. Bollman and B. Briggs, "Rural and Small Town Canada: An Overview," in *Rural and Small Town Canada*, ed. R.D. Bollman (Toronto: Thompson Educational Publishing, 1992), p4. The general definition used by the author classifies an urban population as having 1,000 or more people in the settlement.
55. Stabler and Olfert, *Restructuring Rural Saskatchewan*, pp18-19. See also Flora and Flora, p49, and Israel and Beaulieu, who mention a number of sources regarding this issue, p181.
56. Hustedde, p112.
57. Bollman and Briggs, pp39-40.
58. Israel and Beaulieu, p183, and Hustedde, p112.
59. Bollman and Briggs, p35.
60. Ripley and Rounds, p3, and Israel and Beaulieu, p199.
61. Israel and Beaulieu, p199.
62. Ripley and Rounds, pp3 and 13.
63. See D. O'Brien and E.W. Hassinger, "Community Attachment among Leaders in Five Rural Communities," *Rural Sociology* 57, no. 4 (1992): 521-34. The issue is also discussed in Ripley and Rounds and Israel and Beaulieu.
64. Hustedde. His work is based largely on that of James MacGregor Burns and Tim Vonder. See also Israel and Beaulieu, who use slightly different terminology, but come to the same conclusions.
65. Hustedde, p115.
66. For a discussion of the transactional and transformational leadership model within the business organization, consult L.J. Turner, "Federative Decision-Making Systems: The Case of CUFIS and the Credit Union System of Saskatchewan" (Master's thesis, University of Saskatchewan, 1997).
67. W. Foster, "Toward a Critical Practice of Leadership," in *Critical Perspectives on Educational Leadership*, ed. J. Smyth (Philadelphia: The Falmer Press, Taylor & Francis, 1989), pp39-62, quoted in Hustedde, p116.
68. Israel and Beaulieu, p199.



69. K. Choy and R. Rounds, *Community Development Strategies on the Northern Plains* (Brandon: Rural Development Institute, 1992); and C. Hawker, "A View from Europe: Supporting Rural Communities," in *Sustainable Rural Communities in Canada*, Proceedings of Rural Policy Seminar, Saskatoon, 11–13 October 1989, ed. M. Gertler and H. Baker (Saskatoon: Canadian Agriculture and Rural Restructuring Group, 1989), pp73–85.
70. Hawker, p83.
71. *Ibid.*
72. D. Young and J. Charland, *Successful Local Development Initiatives* (Toronto: Intergovernmental Committee on Urban and Regional Research, 1991).
73. *Ibid.*, pp40–41.
74. N. Pearson, "Women's Leadership Styles and Empowerment: A Case Study of a Canadian Farm Women's Movement," *International Journal of Canadian Studies* 11 (1995): 83–100.
75. *Ibid.*, p88.
76. M. Belenky et al., *Women's Ways of Knowing* (New York: Basic Books, 1986).
77. J.M. Kouzes and B.Z. Posner, *Leadership Practices Inventory, LPI: A Self-Assessment and Analysis* (Erlanger, Kentucky: Pfeiffer & Company, 1993).
78. E. Wagner and G. Broughton, "Women Plan Rural Economic Development," *Women and Environment* 38 (1996): 29–31.
79. H. Baker, *Restructuring Rural Communities Part 2: Grazing the Ideas, Approaches, and Resources of Selected Countries* (Saskatoon: University of Saskatchewan Extension Division, 1993). University of Missouri, Missouri Rural Innovation Institute, *Developing Community Leadership: The Excel Approach* (Columbia, MO: University of Missouri, 1992). Consult the following for further discussion of the development of leadership in community: Canadian Agricultural and Rural Restructuring Group. *Women in Agriculture*. Edited by Fran Shaver. ARRG Working Paper Series, no. 8. Brandon: Rural Development Institute, 1996; Christenson, J.A., and J.W. Robinson, eds. *Community Development in Perspective*. Ames, Iowa: Iowa State University Press, 1989; Cohen, M.G. "Feminism's Effect on Economic Policy." In *Canadian Women's Issues: Bold Visions*. Eds. R. Roach Pierson and M.G. Cohen. Toronto: James Lorimer & Company, 1995; *Community Economic Development in Canada: A Different Way of Doing Things*. Ottawa: Human Resources Development Canada, National Welfare Grants Program, 1993 (includes several examples illustrating the involvement of co-operatives in CED); *A Conversation about Community Development: Community Development Workshop*. Saskatoon: Centre for the Study of Co-operatives, 1997; Douglas, D.J.A., ed. *Community Economic Development in Canada*. Toronto: McGraw-Hill Ryerson, 1994; Gutknecht, D., and K. Zimbelman, eds. *Challenges to the Cooperative Board of Directors*. Athens, OH: Cooperative Grocer, 1996; Langone, C.A., and F.R. Rohs. "Community Leadership Development: Process and Practice." *Journal of the Community Development Society* 26 (1995): 252–67; Moen, J.K. "Integrating Theory and Practice: Leadership and Community Development in the Dakotas." *Journal of the Community Development Society* 26 (1995): 93–109; Murray, M., and L. Dunn. "Capacity Building for Rural Development in the United States." *Journal of Rural Studies* 11, no. 1 (1995): 89–97; Rounds, R. *Rural Youth Leadership*. Brandon: Brandon University, 1994.

## People Interviewed

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### Southwest Area of the Grainbelt

Instead of seeking out specific people in the communities in the southwest region, researchers relied upon a local person to assemble a group of community members for a meeting. Attempts were made to recruit people who represented different perspectives on co-operatives and the community. Most of the people were active in their community. Almost all (85–90 percent) were members of a co-operative and/or credit union. Many were also active in other community organizations such as the Lions club, Saskatchewan Wheat Pool committees, recreational committees, fire-hall volunteers, and the like.

More than half of those interviewed were board members, past board members, or managers. And with the exception of the managers, all those interviewed were farmers. Interviewees were split approximately evenly between older people (fifty plus) and younger people (less than forty). Given the lack of other economic activity in the region and the small size of the communities, SBLAs and other economic development programs were not present in any large scale.

### Westcentral Area of the Grainbelt

The researcher in the westcentral area of the grainbelt interviewed the following people from three different communities: five members of the consumer co-op board—four

male, one female—all active in other co-op and non-co-op organizations; three members of a recreational co-op (two male, one female); a retired couple, of whom the male was previously president of two co-op store boards, a delegate to FCL, and currently active in the museum association, and the female was previously active in the local Women's Guild, and currently active in New Horizons; a member of a rural municipal council, previously a credit union board member (male); a Saskatchewan Wheat Pool delegate, previously a co-op store board member (male); a credit union board member (male); and a farmer and small business owner, who had previously been a Pool delegate and co-op store board president (male).

## **Northeast Area of the Grainbelt**

Researchers interviewed the following people from three communities in the northeast grainbelt: a long-time manager of a consumer co-operative, near retirement (male); an experienced board member of a consumer co-operative, member of Saskatchewan Wheat Pool, also involved in other agricultural organizations (male); general manager of a large credit union (male), and the person responsible for services marketing (female); the manager of a consumer co-operative, active in an economic development committee and many other community organizations (male); a farmer who is a board member of a consumer co-operative (male); a farmer who is a Saskatchewan Wheat Pool local committee member and a former board member of a consumer co-op (male); the manager of a local credit union (male); a credit union staff member (female) who had been secretary to the board until amalgamation with a larger credit union; a farm couple, of whom the wife was formerly the secretary of a consumer co-operative, and the husband a school trustee, active in church and other community organizations; a retired farm couple active in the legion and church, holding executive positions in both; a local businesswoman; a retired school teacher (female) who is a board member of a credit union and very active in the community; and the manager of a consumer co-operative, also involved in community organizations (male).

## Northcentral Parkland Area

Researchers in the northcentral parkland area interviewed managers representing six of the co-operative organizations operating in and around the community chosen for study. Additional meetings were held with key staff in local and regional economic and social development organizations. Those interviewed included the following: the credit union member services manager (male), and the business development manager (male); the Saskatchewan Wheat Pool regional manager (female); the co-operative health centre manager (female); the financial manager of the consumer co-operative (male); the manager of a consumer co-operative branch retail operation in a rural centre (male); the co-ordinator of a housing co-operative (female), and several co-op members (female and male); the director of a child-care co-operative (female); the executive director of a multi-purpose community organization (female), and the co-ordinator for the women's business training program (female); and the regional staff person for Economic and Co-operative Development (male).

# Telephone Survey Methodology

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## Purpose of the Study

In a departure from the 1991 study, a research strategy was designed specifically to investigate leadership formation as evidenced by the experiences of co-operative and community leaders. We wanted to survey the general public to ascertain the level of leadership involvement in volunteer organizations, groups, boards, and co-operatives in Saskatchewan communities. We were also interested in the routes individuals had travelled to their positions of community and co-operative leadership. Finally, we wanted to determine the current profile of community and co-operative leadership in the province, including demographic data. A telephone survey was chosen as the most cost-effective and timely research approach.

## Research Approach and Procedures

### Construction of the Questionnaire

Each interview was to last no longer than fifteen or twenty minutes, this being considered the longest amount of time that many respondents would be willing to grant. The final version of the questionnaire consisted of thirty questions, some of which had multiple parts. All the questions were close-ended, i.e., had answer options provided, which made

it easier to gather quantifiable data. Some choices were on a continuum known as a Likert scale, which allowed for a gradation of responses. Others had the choices provided, but these options were discrete and unordered.

The questionnaire was in three parts. The first section determined whether respondents considered themselves to be leaders in their community, and what organizations they had been involved with. They were asked about both formal leadership within volunteer organizations or groups, and also about informal community leadership. This first section was also used to determine the route respondents had taken to their current positions within the community. Section two was used to determine what factors played a role in the individual's development as a leader; in particular, whether co-operatives were instrumental in that development process. The final section of the questionnaire was used to develop the individual's demographic profile.

In order to avoid repetition, only those tables not already used in the section entitled "Leadership Development Survey" have been reproduced here.

### **Sampling Profile**

With an objective of four hundred completed questionnaires, the company chosen to complete the interviews used a random method of retrieving numbers from telephone directories around the province in order to ensure a representative sample. Care was taken to select numbers from every area of the province, as far north as La Ronge.

Of the total sample, 40 percent—160 completed surveys—were to be from urban communities with a population of more than 5,000. The remaining 60 percent—240 questionnaires—were to be from rural communities. The rural population was further subdivided into 35 percent—140 completed surveys—from nonfarm communities, and 25 percent—100 questionnaires—from the farm, or open countryside. The survey also controlled for gender—49 percent male and 51 percent female—reflecting the male/female ratio of the province.

### Limitations of the Telephone Survey Methodology

The limitations can be broken down into three different categories. First, despite the use of a random method of selecting telephone numbers, a certain percentage of the province's population will not be included in the sample, since some will have unlisted numbers and others will have no phones at all. Second, time and cost constraints limited our ability to ask open-ended questions, which might elicit more detailed individual responses. Finally, the quality of the responses is dependent on the memory, attitudes, and mood of the respondents. It should be noted, however, that less than 2 percent of those who agreed to the interview terminated prior to completion. The following table provides further information about the connected calls.

Types of Connected Calls	Connected Calls	Percentage
Refusal—Non-English-speaking	12	1.28
Break off of interview	11	1.18
Disability—unable to complete the survey	9	.96
Respondent refusal	188	20.13
Respondent under 25 years of age	90	9.64
Responded no to questions A and B	224	23.98
Respondent completed survey	400	42.83
Total number of connected calls	934	100.00

## Overview of Results

1. Respondents were asked to indicate the elected positions they currently hold or formerly held at the municipal level (respondents could select more than one category).

	Currently	Formerly	Total
Rural municipal council	6	17	23
Town council	7	16	23
School board	6	0	6
District health board	2	4	6
Other (specify)	4	8	12
Total	25	45	70

2. Respondents were asked to indicate the community groups, organizations, and/or boards with which they currently hold or formerly held an executive, officer, or board position (respondents could select more than one category).

Community Groups/Boards	Currently	Formerly	Total
Chamber of commerce	1	4	5
Community futures board	1	2	3
Economic development board	4	4	8
Church groups	42	64	106
Community hall board	0	8	8
Home and school	5	23	28
Hospital board	5	10	15
Museum board	3	2	5
Professional organizations	7	16	23
Red Cross	1	1	2
Legion/legion auxiliary	0	7	7
Library board	5	11	16
Rural Crime Watch	1	1	2
Special community events	11		11
Wildlife association	2	2	4
Veterinary board	0	0	0
Women's Institute	2	0	2
Others	69	138	207
Total	146	306	452



3. Respondents were asked to indicate the service clubs in their communities with which they currently hold or formerly held an executive, officer, or board position (respondents could select more than one category).

Service Clubs	Currently	Formerly	Total	% of 332
Kiwanis Club	1	2	3	
Lions Club	4	15	19	
Kinsmen Club	5	13	18	
Rotary Club	2	3	5	
Elks Club	3	11	14	
Others	23	28	51	
<b>Total</b>	<b>38</b>	<b>72</b>	<b>110</b>	<b>33.1</b>

4. Respondents were asked to indicate the sports clubs in their communities with which they currently hold or formerly held an executive, officer, or board position (respondents could select more than one).

Sports Clubs	Currently	Formerly	Total	% of 332
Curling club	11	22	33	
Skating club	5	16	21	
Hockey club	12	41	53	
Camp board	0	0	0	
Recreation committee	9	12	21	
Others	37	56	93	
<b>Total</b>	<b>74</b>	<b>147</b>	<b>221</b>	<b>66.6</b>

5. Respondents were asked to indicate the agricultural organizations with which they currently hold or formerly held an executive, officer, or board position (respondents could select more than one).

<b>Agricultural Organizations</b>	<b>Currently</b>	<b>Formerly</b>	<b>Total</b>	<b>% of 332</b>
Agricultural societies	6	19	25	
Farm /breed associations	7	2	9	
Market boards/commissions	1	0	1	
General agricultural groups	2	12	14	
<b>Total</b>	<b>16</b>	<b>33</b>	<b>49</b>	<b>14.8</b>

6. Respondents were asked to indicate the co-operative board positions they had held.

<b>Positions</b>	<b>Number</b>	<b>Percentage</b>	
President/chair	20	32.3	(n = 62)
V.-P./vice-chair	11	19.0	(n = 58)
Secretary	19	31.7	(n = 60)
Treasurer	9	15.5	(n = 58)
Regional delegate	7	12.3	(n = 57)
Director	23	38.3	(n = 60)
Other	20	33.9	(n = 59)

Missing data varies from 6–11.

7. Respondents were asked if they were involved in a leadership capacity in any of the organizations itemized in table 8 in the “Leadership Development Survey.”

<b>Involved in Leadership</b>	<b>Total Surveys</b>	<b>% of 329</b>	<b>Co-op Leaders</b>	<b>% of 54</b>
Yes	125	38	20	37.0
No	204	62	34	63.0
<b>Total</b>	<b>329</b>	<b>100</b>	<b>54</b>	<b>100.0</b>

Missing from co-op leaders—13  
Missing from total surveys—71

8. Respondents were asked to indicate their gender.

<b>Table 8</b>	<b>Number Out of 400</b>	<b>% of 400</b>	<b>Number Out of 67</b>	<b>% of 67</b>
Male	195	48.8	50	74.6
Female	205	51.3	17	25.4
Total	400	100.0	67	100.0

9. Respondents were asked to indicate the category their age fell into.

<b>Table 9</b>	<b>Total Surveys</b>	<b>% of 399</b>	<b>Co-op Leaders</b>	<b>% of 67</b>
<b>Age Categories</b>				
25–35	64	16.0	6	9.0
36–45	132	33.1	17	25.4
46–55	88	22.1	22	32.8
56–65	53	13.3	7	10.4
>65	62	15.5	15	22.4
Total	399	100.0	67	100.0
Missing from total surveys—1				

10. Respondents were requested to indicate their current occupation, which was then placed in one of the following categories.

<b>Table 10</b>	<b>Total Surveys</b>	<b>% of 400</b>	<b>Co-op Leaders</b>	<b>% of 67</b>
<b>Occupations</b>				
Management and professional service	45	11.3	6	9.0
Teaching and related	42	10.5	4	6.0
Medical and health	35	8.8	3	4.5
Transportation	11	2.8	2	3.0
Construction and related	6	1.5	1	1.5
Manufacturing and processing	8	2.0	1	1.5
Clerical/sales/service	53	13.3	6	9.0
Farmer/rancher	58	14.5	28	41.8
Public service (municipal/prov./fed.)	10	2.5	2	3.0
Homemaker	37	9.3	0	0
Student	4	1.0	0	0
Self-employed	18	4.5	1	1.5
Retired	67	16.8	13	19.4
Unemployed	4	1.0	0	0
Other	2	6.0	0	0
Total	400	100.0	67	100.0

11. Respondents were asked to indicate the category that best described their educational level.

<b>Education</b>	<b>Total Surveys</b>	<b>% of 400</b>	<b>Co-op Leaders</b>	<b>% of 64</b>
Some high school	59	14.8	15	23.4
Completed high school	85	21.3	14	21.9
Technical school certificate/diploma	75	18.8	9	14.1
Some university or college	65	16.3	8	12.5
Completed university or college	107	26.8	18	28.1
Other	9	2.3	0	0
<b>Total</b>	<b>400</b>	<b>100.0</b>	<b>64</b>	<b>100.0</b>

Missing from co-op leadership—3

12. Respondents were asked to indicate the category that described their household income.

	<b>Total Surveys</b>	<b>% of 369</b>	<b>Co-op Leaders</b>	<b>% of 64</b>
Less than \$20,000	36	9.8	3	4.7
Between \$20,000 & \$40,000	127	34.4	22	34.4
Between \$40,000 & \$60,000	108	29.3	20	31.3
Over \$60,000	98	26.6	19	29.7
<b>Total</b>	<b>369</b>	<b>100.0</b>	<b>64</b>	<b>100.0</b>

Missing from total surveys—31  
Missing from co-op leadership—3

13. Respondents were asked the population size of the community where they now reside (primary residence).

<b>Primary Residence</b>	<b>Total Surveys</b>	<b>% of 400</b>	<b>Co-op Leaders</b>	<b>% of 67</b>
On a farm/acreage (open countryside)	96	24.0	36	53.7
<1,000 population	86	21.5	16	23.9
1,000–5,000 population	64	16.0	8	11.9
5,000–10,000 population	14	3.5	0	0
10,000–50,000 population	61	15.3	4	6.0
>50,000	79	19.7	3	4.5
<b>Total</b>	<b>400</b>	<b>100.0</b>	<b>67</b>	<b>100.0</b>

14. Respondents were asked how many years they had lived in this community.

<b>Number of Years</b>	<b>Total Surveys</b>	<b>% of 400</b>	<b>Co-op Leaders</b>	<b>% of 67</b>
<5	63	15.8	5	7.5
5–10	36	9.0	5	7.5
10–20	89	22.3	16	23.9
21–30	90	22.5	16	23.9
31–40	62	15.5	8	11.9
41–50	28	7.0	7	10.4
>50	32	8.0	10	14.9
<b>Total</b>	<b>400</b>	<b>100.0</b>	<b>67</b>	<b>100.0</b>

15. Respondents were asked the population size of the community(ies) where they were raised. They could indicate more than one location.

Where Raised	Total Surveys	% of 400	Co-op Leaders	% of 67
On a farm/acreage (open countryside)	194	48.50	50	74.6
<1,000 population	107	26.75	19	28.4
1,000–5,000 population	53	13.25	5	7.5
5,000–10,000 population	16	4.00	2	3.0
10,000–50,000 population	41	10.25	6	9.0
>50,000 population	70	17.50	5	7.5

Percentages do not total 100 because respondents could indicate more than one location.

16. Respondents were asked to indicate which category best described where they were raised.

	Total Surveys	% of 400	Co-op Leaders	% of 67
In Saskatchewan	340	85.0	60	89.6
Within the rest of Canada	49	12.3	6	9.0
Outside of Canada	11	2.8	1	1.5
Total	400	100.0	67	100.0

17. Respondents were asked if they had any additional comments.

	Total Surveys	% of 400	Co-op Leaders	% of 67
Number who gave comments	34	8.5	7	10.4
Number who did not give comments	366	91.5	60	89.6
Total	400	100.0	67	100.0

# Questions for Use with Community Interviews

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Respondents should consider their involvement in all types of co-ops (e.g., consumer co-ops, gas stations, credit unions, SWP, and recreational organizations will all be referred to as co-ops.)

Please note that respondents were not asked all of these questions, but rather, selected questions from each section.

## Section 1: Competitive Goods and Services

- Are there a wide range of goods/services provided by the co-op?
- Does the co-op offer pricing competitive with larger centres in the province?
- Is there competition for business in your community?
- Is the co-op in competition with another business in your community?
- Have there been any changes to the pricing structure at the co-op?
- Are there co-ops that provide services at cost in your community?
- What would be the impact on pricing of goods in the community if the co-operative was closed or relocated?

## Section 2: Provision of Goods and Services Not Otherwise Provided

- Are there goods/services that only the co-op provides to your community?
- What would be the impact on the community of the closure or relocation of the co-operative(s) out of the community? Not only for consumer co-ops, but also service co-ops, CU, etc.
- Have any of the services offered by the co-operative(s) changed in your community in the last 6–7 years (i.e., since the last survey)?

- Have there been improvements to the co-op businesses in the last 6–7 years? Enlargements?
- Have there been any new co-op businesses/services formed in the community? (e.g., CD co-ops formed?)
- Or, is the reverse true?
- Has there been co-op business downsizing in the last 6–7 years?
- Have some of the services been cut in the last 6–7 years?
- Have there been co-ops that have failed in the community? Has this been a point of controversy in the community?
- Has the co-op taken on added responsibilities in your community, outside of regular business duties?
- What is the geographic area served by your local co-operative?
- Do people come from outside the district/area to use your co-op?
- Do you go elsewhere to use any co-operatives? To neighbouring communities? To larger centres in the province?
- Have there been any co-ops formed that provide a service to the community (e.g., community development co-ops/recreation co-ops)?

### **Section 3: Strengthening the Regional Economy**

- Have there been any new economic activities in your community?
  - a) don't know
  - b) nothing has happened
  - c) activity
- If answer (c), then what role has the co-op played in this economic development activity?
- Has the co-operative provided the community with any education or leadership with respect to possible formation of new co-operatives?
- Have co-operatives been important in terms of the start-up of new activities—e.g., business or nonprofit activities?
- What jobs have been created in the community by co-ops? Maintained in the community?

### **Section 4: Social Role of Co-operatives and Development of Social Capital**

- What have co-operatives contributed to the community with respect to social cohesiveness, community identity, community life?



### **Regarding diversity of networking within the community**

- What types of community groups are there in your community?
- Do you feel there are a lot of different activities that occur in your community throughout the year?
- Does the co-op sponsor community-wide events in your community?
- Are co-op members often members of other organizations in the community?
- Do you, or other co-op members, often volunteer for other activities in the community?
- Does the co-op, as an institution, involve itself in the community?
- Does the co-op, as an institution, plan joint activities with other organizations or businesses in the community?
- Have there been any joint co-op events planned in your community? (Question for those with more than one co-op.)
- Does the co-op support the volunteer activities of the members/management/board?
- Do the consumer co-op and the CU work together on projects for the community?
- Do you feel that certain members of the community have become exhausted and/or overused as volunteers in the community? Are there only a few who do all the work?
- Is there a broad appeal made in the community for membership in the co-op?
- Is the idea of democratic membership in the co-op understood and followed in the community?
- Are all co-op members encouraged to become board members of the local co-op?

### **Regarding horizontal linkages/networks**

- Has your co-op been involved in business or social affairs with any co-ops located in nearby communities?
- Has your co-op developed a formal network with other co-ops in other communities nearby, or of similar size?
- Has your co-op developed a formal network with other organizations or businesses in other communities?
- Has your co-op examined the ways co-ops have done business in other communities of a similar size or structure? Have you found good examples of business practices, etc., to use in your community?

### **Regarding vertical linkages/networks**

- Are you aware of a formal network between your local co-op and any provincial or national organizations?

- Does your local co-op act as an information resource for development opportunities for your community?
- Has your local co-op been able to develop linkages with other agencies, such as government, to provide information and technical support for development within your community?
- How important are co-operatives with respect to social and business networks connecting this community to other communities, centres, or enterprises?
- What would it take to increase the positive social impacts of co-operatives in your community?
- What are the barriers to greater positive social benefits from co-operatives in the community?
- Does the co-op have an obligation to pursue social change?

### **Section 5: Community versus Self-Interest**

- Do you believe the local community supports the local co-op(s)?
- Has the level of support for the co-op increased in the last 6–7 years? Declined?
- Are people bypassing the local community and its businesses to drive to a larger centre?
- What is the general mood in the community? Beleaguered, fighting mood, optimistic?

### **Section 6: Local Control**

- Is there a general understanding in the community of the collective investment in the co-op by the co-op/community members?
- Is the co-operative seen/known as locally owned and controlled?
- Is there a good working relationship with the regional and national co-op organizations?

### **Section 7: Management**

- How many men and how many women are in management positions?
- How many employees are there—male and female?
- Have there been any changes in management during the last 6–7 years? Has the co-op membership been generally happy with the changes?
- Does the management project a positive image to the members/patrons?
- Is the manager an active community member?
- Does the manager communicate to members about co-operative activities?

- Does the management have a good working relationship with the co-operative's regional co-operative(s)?
- Does your local board/management engage in long-range planning? Set goals?
- Does the local board/management engage in any type of social audit process?