Russian Agricultural Producers' Changing Attitudes towards Top-Down Organized Cooperatives*

Contribution to the International Workshop "Rural Cooperation in the 21st Century: Lessons from the Past, Pathways to the Future" held on 15-17 June 2009 in Rehovot, Israel

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Abstract

It is not uncommon in Russia that agricultural supply and marketing cooperatives are instituted by governmental authorities, and agricultural producers are invited to join these cooperatives. Golovina and Nilsson (2009) present a study among members and potential members of such newly established cooperatives. The data were collected within the Kurgan region in early 2008. The findings give rise to some concerns. Although the members are fairly positive, there is a risk that their attitudes may become worse, partly influenced by the negative non-members. The present study investigates how the members' recent experience with cooperatives has affected their attitudes. The data originate from the same sample of producers, but were collected in late 2008. The findings show that the members have a poorer attitude to cooperatives and less trust. They are less interested in trading with the cooperatives and in controlling them. Their willingness to invest is low as is their knowledge of cooperatives.

Key words
Russia, transition agriculture, cooperatives, socio-psychology, learning

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* The authors are grateful for generous funding from Swedish Institute, which made it possible for Svetlana Golovina to conduct this study. Professor Ulf Olsson, Swedish University of Agricultural Sciences, Uppsala, Sweden, has given valuable advice.
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1. Introduction

During the last years, especially since 2005, the Russian government has considered agriculture as a prioritized branch of the economy. Favorable climatic conditions and extensive land resources provide good prospects for successful development of agriculture. There are, however, large problems in terms of poorly functioning markets, both when the agricultural producers buy farm inputs and when they sell their products (Ioffe and Nefedova, 2001). The federal and regional administrations have during the project "Development of agro-industrial complexes" tried to solve those problems by initiating a process of establishing supply and marketing cooperatives in the agricultural sector. The duration of this project was two years (2006–2007), but from 2008 the project has continued, transformed into the "State Program of Agricultural Development in 2008–2012". One of the results of these initiatives is the establishment of new agricultural cooperatives in all regions of Russia including the Kurgan region, which is in focus in this study.

Kurgan is one of the agrarian regions of the Russian Federation, bordering Kazakhstan. It is located just east of the Ural Mountains. Its population is about one million inhabitants, of which about half live in the rural areas.

It is not uncommon in Russia that agricultural cooperatives are established by governmental bodies. Top-down organized cooperatives are, however, in conflict with historical and international experiences as well as to the common theoretical understanding of cooperatives. Russian agricultural administration has much experience in the implementation of similar projects (Franks and Davydova, 2005). As a rule, such campaigns break down after initial reports about the large achievements that should be made.

Centralized cooperative establishments are interesting from a theoretical perspective as top-down organized cooperatives are rare in cooperative history. The issue is important also from a practical point of view as the need for both supply and marketing cooperatives in the Russian agriculture may be considered urgent (Gardner and Lerman, 2006; Golovina and Nilsson, 2009). The present study is devoted to an investigation of one aspect of such cooperatives. It aims to *explore whether the agricultural producers may become veritable cooperators when they learn and get skills after they have joined a top-down organized cooperative.* If such a progress takes place, these cooperatives may develop into effective vehicles for farmer interests. Without such results, the agricultural producers will remain passive and alienated, and the cooperative firms can hardly be very valuable for them. For the sake of clarity it should be noted that production cooperatives are not included in this study.

This paper is structured as follows. Background information about the establishment of top-down organized cooperatives is presented next. An account of the theoretical framework follows, ending with the identification of variables for the empirical study as well as hypotheses. The following section presents methodological issues concerning data collection procedure and methods. Next, the results of the empirical study are presented, followed by conclusions and suggestions for further research.

2. The process of cooperative establishment[1]

The procedure of establishing cooperatives by agricultural government is rooted in Soviet traditions. The heads of the regional agricultural administration make agreements with the federal administration about the creation of cooperatives in the rural areas. Planned figures are often quite high for many regions. Thus, 48 agricultural cooperatives were planned to be established in the Kurgan region but only 21 were actually created. The regional administration established contacts with the districts' rural administration offices in the same way. The Kurgan region consists of 24 districts. However, some heads of administration offices in the rural districts did not share the opinion about the timeliness and soundness of the governmental decisions. They asserted that the cooperative campaign would soon fail and the members would become disappointed and lose even more faith in cooperation. The regional government blamed the district level for inactivity, and as a result, cooperatives have been created in almost each district.

Apart from the fact that formalism has been inherent in the cooperative campaign, the rural administration has made serious attempts to disseminate information about the advantages of agricultural cooperatives and the principles of cooperation. Furthermore, the administration offices made efforts to help newly established cooperatives to solve financial and organizational problems. Hence, 130 district seminars and more than 200 rural meetings about cooperation were organized in the Kurgan region during 2006. A problem was that the specialists within the regional administration have limited knowledge about modern cooperatives, for example of different organizational arrangements. They advocated only one model, namely the traditional cooperative model, which is characterized by unallocated equity, collective decision-making, equal treatment, and other cooperative principles. A traditional cooperative is, however, not necessarily the best one under the existing socio-economic conditions.

The agricultural producers in the Kurgan region are in a difficult situation. On the one hand, socio-psychological factors cause difficulties for agricultural cooperative development (Golovina and Nilsson, 2009). On the other hand, existing monopolistic structures in the sphere of agricultural product processing impede profitable functioning of the agricultural producers (Franks and Davydova, 2006). Processing enterprises do not want to work with products from small individual farmers because of poor quality so they prefer imported raw products. Furthermore, their price policy is unfavorable for the agricultural producers. Under such conditions it would have been valuable for the agricultural producers to have well-functioning cooperative firms. The 21 newly established agricultural cooperatives in the Kurgan region are, however, extremely small. Until May 2008, 158 producers, most of them individual farmers, decided to be members of the new cooperatives. The figure has later risen to 162. Small cooperatives can, however, not realize the main advantage of the traditional cooperative model, namely economies of scale. They are therefore weak in relation to the strong corporate processors.

In an overview of cooperatives in the agricultural sectors of the former communist countries Gardner and Lerman (2006, p. 15) say that marketing and supply cooperatives are …

> "… important in farmers' estimation when they see themselves as being exploited by monopoly or monophony power among businesses that sell products to them or buy from them and it is

[1] The information presented in this section originates basically from the Department of Agriculture and Processing Industry of the Kurgan region.

important in fact when perceptions of exploitation are accurate. It seems highly likely that such market failures exist in the economic environment of the transition economies, where former State monopolies have been transferred to private hands, and in this respect farmer-owned cooperatives can be useful in fostering competition, or in some cases hastening the creation of selling and buying channels which have not yet arisen in the transition."

The governmental campaign of agricultural cooperative creation was completed by mid 2008. The regional administrations reported the number of new cooperatives to the federal executives. They did, however, not conduct any analyses which could indicate what the future might be for the newly established cooperative and for agricultural cooperation in general.

3. Theoretical framework

Preconditions for successful top-down organized cooperatives

Cooperatives exist because their members want to reap benefits when they make use of the cooperatives' services. The members could be buyers of goods or services (supply cooperatives), sellers of goods or services (marketing cooperatives), employees (labor cooperatives), borrowers (credit cooperatives), etc. The cooperatives that are investigated in this study are supply cooperatives and marketing cooperatives, and the members are agricultural producers, mostly producers of dairy and meat.

In Russia, there are three types of agricultural producers as presented in Table 1 (Epstein 2003; Bezlepkina et al., 2004; Rylko and Jolly; Sazonov and Sazonova, 2005; Uzun, 2005). All of these may be members of cooperatives, and hence all are included in this study. The probability of individual farmers becoming cooperative members is, however, low due to their limited production. It should be noted that the concept of farmer applies only to the second and third category, which means that the general concept of "agricultural producer" is used in this study.

Table 1. Types of agricultural producers in the Kurgan region and some attributes as of January 2008. (Source: the Department of Agriculture and Processing Industry of the Kurgan region)

Type of farm	Characteristics	Number	Average acreage, hectares	Share of gross agr. output, %
Ag. Enterprises	Former kolkhozes and sovkhozes, now transformed into production cooperatives and corporations	375	6464	32.2
Peasant farms	Often family farms producing mainly for markets	1973	93	7.3
Individual farms	Small private farms, organized by rural dwellers (irrespective of occupation) who produce products mainly for self-sufficient food production but partly for sale	190,000	1,1	60.5

If the members are to get benefits from their cooperatives when they do business with these firms, the cooperatives must be controlled by the members, and therefore the members must have ownership to the cooperatives. These three member roles must coincide in all cooperatives – user, controller, and financier. This is to say that cooperatives by definition are grass root organizations. Against this background the Russian procedure of governmentally organized cooperatives is notable.

Nevertheless, there might be a rationale for top-down organized cooperatives – without governmental interference the development of agricultural cooperatives might be even slower than it is today. Perhaps the social and socio-psychological attributes of the agricultural producers are such that they would not organize any cooperative on their own initiative, and a top-down organized cooperative may be better for them than no cooperative at all. It can not beforehand be excluded that top-down organized cooperatives might create some prospects for agriculture in transition economies.

A precondition for top-down organized cooperatives to be of value for their members is that the members at a later point of time get better attitudes, become involved, gain trust in colleagues and partners, and strengthen their belief in cooperative governance. Perhaps the agricultural producers could learn how to become true cooperative members, so that they will govern the cooperative in such a way that they benefit from their membership. If this process does not take place, the cooperatives will fail.

Moreover the opposite chain of reasoning may be claimed. The fact that governmental bodies establish cooperatives may have the effect that the agricultural producers get weaker incentives to establish cooperatives by themselves. Further, given the international and historical experience from cooperative establishments, it is likely that the top-down organized cooperatives will not be successful, and if so, the agricultural producers will get even weaker incentives to establish cooperatives in the future.

Irrespective of this, there are good reasons to study various aspects of centralized establishments of cooperatives: preconditions, procedures, outcomes, and prospects. The focus of this study is on the members' eventual learning to become active and involved members of cooperatives. Hence, the concept of learning should be clarified.

Learning to become good members

Learning may occur when an individual gets stimuli which are processed in the individual's mind, whereby the existing *cognitive structure* is transformed to a certain degree (Myers, 2005; Solomon, 2006). Whether a learning effect is realized depends on how the individual's cognitive structure is composed when the stimulus arrives. This means that learning takes place successively and incrementally. For a stimulus to result in learning, the individual's existing cognitive structure must contain elements which are related to the new message such that the new message can be linked to the existing cognitions.

In many cases the new message may be so different from the individual's existing cognitive structure that *defense mechanisms* prevent any learning. One such mechanism is selective exposure, which means that the individual does not notice information that does not fit in the existing structure. Another mechanism is selective retention, which is that the individual unconsciously remembers only what is considered to be relevant. Other defense mechanisms that protect individuals from unwanted information are selective distortion, selective information retrieval, and selective information search as well as generalization and discrimination.

These defense mechanisms have the effect of preserving *cognitive consistency* in the individual's mind, i.e. the existing elements in the individual's cognitive structure should be linked to each other, thereby supporting each other. *Cognitive dissonance* is experienced to be quite discomforting. In extreme cases an individual might even be struck by a mental illness,

if he or she is forced to accept a new piece of information, which does not fit with the existing cognitive structure.

Of considerable importance is the how the stimuli come to the individual. The most effective learning occurs when the stimuli arrive through personal experiences. Such stimuli are more difficult to avoid and reject, i.e. the defense mechanisms are less preventive. Stimuli that come to the individual from other anonymous individuals can easily be excluded, ignored and rejected, if they pose a threat to the individual's cognitive consonance. When the individual listens to somebody else, reads or watches, he or she may interpret this information as being unreliable, and the source may be thought of as not trustworthy.

The situation is different when the source of information is other persons, with whom the individual has personal relations – so-called *significant others.* The social relations mean that the information is considered more trustworthy and important. Such information becomes even more important for the learning if the information becomes processed in the individual's mind through discussions.

Evidently when the individual considers the new piece of information to be undesirable, his or her view of the phenomenon that the information describes will be poorer, and vice versa. The relationship is, however, not linear. When a stimulus is quite weak there will not be any reactions at all. For a reaction (learning effect) to take place, the stimulus should have a minimal amount of newness.

There are a few conclusions from this digression about learning theory. One is that the agricultural producers who are cooperative members have probably some learning about cooperative business since they first became members. They have made experiences by themselves, and they have probably talked to others about these experiences. Hence, their views have probably changed.

A second conclusion is that the agricultural producers do not necessarily get better attitudes of cooperatives due to the experiences they make during their membership. The result may also be the opposite. If the experiences are considered to be negative, the attitudes are likely to be worse. The same effect may occur if the experiences are ambiguous. If so, the producers may exaggerate the negative experiences and underestimate the positive experiences, all because they seek cognitive consistency.

Third, how the agricultural producers change their attitudes due to their experiences depends much on which attitudes they held at the outset. If they were relatively skeptical when they joined the cooperative, they might thereafter have selected bad information, distorted relatively good information, remembered the problems, etc. For a process towards democratic control in the interests of the member to be successful, it is necessary either that the new experiences are undoubtedly positive so that the defense mechanisms are overcome, or that the producers had at least some positive attitudes such that slightly good experiences may be positively assessed. If the members do not at the outset have at least some knowledge about cooperatives, they will hardly learn much more about cooperative business. Similarly, they must have at least some involvement, at least some willingness to invest, at least some sense of democratic participation, etc. otherwise they will not develop into good members.

Members' degree of cooperative orientation

A study of members' learning to become cooperators must comprise variables that are basic for the members' behavior in relation to the cooperatives. Several prior studies have investigated cooperative members' attitudes, opinions, trust, choice, solidarity, involvement and many other socio-psychological and behavioral constructs (Fulton and Adamowicz, 1993; Misra, Carley and Fletcher, 1993; Zusman, 1993; Gray and Duffey, 1996; Gray and Kraenzle, 1998; Richards, Klein and Walburger, 1998). The present study must reasonably be based on partly the same variables.

The following six variables are chosen. It should be noted that there are uncertainties when these are linked to previous studies as these most often relate two or more variables to each other.

(1) The members' assessment of the value of cooperatives. This is the most basic variable in the sense that it represents the raison-d'être of cooperatives. It has appeared in various forms in prior research. Misra, Carley and Fletcher (1993) identified factors related to members' view on cooperatives. Hakelius (1999) investigated members' values. Nilsson, Norell and Kihlén (in press) focused on members' satisfaction.

(2) Members' attitude towards conducting business with their cooperatives. This and the following two variables relate to the three roles that cooperative members have, i.e. as users, controllers, and owners. Especially the issue concerning farmers' choice between a cooperative and an investor-owned business partner has caught the interest of many researchers (Bravo-Ureta and Lee, 1988; Jensen, 1990; Wadsworth, 1991; Klein, Richards and Walburger, 1997; Zeuli and Betancor, 2005; Lind and Åkesson, 2005; Bhuyan, 2007; Enander, Melin and Nilsson, in press).

(3) Members' attitude towards participation in the governance of their cooperatives. Although member control is essential for a cooperative to work in the interests of the members, relatively few studies have be devoted to this very issue. Laursen (2005) shows that the farmers consider themselves to be strongly influential. Österberg and Nilsson (2009) found members' willingness to participate in cooperative governance to be the single most important explanation for member satisfaction.

(4) Members' attitude towards investing in their cooperative. Members' attitudes towards cooperative finance are another field with limited research. Robinson and Lifton (1993) demonstrated that farmers hesitate to invest in newly established cooperatives. Fahlbeck (2007) found that farmers have a strong preference for unallocated equity.

(5) The members' trust in each other and in the cooperative. Numerous prior studies of members' relationship to their cooperatives include trust (Borgen, 2001; Hansen, Morrow and Batista, 2002; James and Sykuta, 2005; James and Sykuta, 2006). To the extent that trust is low, the result will be that members hesitate to invest in the cooperative, and they refrain from participating in the governance. There is no room for solidarity and social cohesion so the members will not do much business with the cooperative. Hence this variable is crucial in a cooperative context.

(6) The members' knowledge about cooperation. Members' knowledge of cooperative firms, cooperative principles, and cooperative work is not investigated in any prior study. As these studies have been conducted in North America and in Western Europe, such a variable would be superfluous whereas in a Russian context it is highly relevant.

The constructs and the question for each of the six variables are as follows.

X_1 *Assessment of the value of cooperatives:* "I think that cooperation is important for effective functioning of farmers (producers) nowadays and in the future";
X_2 *Attitude towards conducting business:* "All members have to be involved in transaction with a cooperative as much as possible";
X_3 *Attitude towards participation in the governance:* "Participation in democratic management is very important for effective functioning of cooperative and I am ready for this participation";
X_4 *Attitude towards investing:* "I wish and I am ready to invest money in cooperative activity";
X_5 *Trust in colleagues and partners:* "I trust my partners and think that they are reliable for collective activities and cooperation";
X_6 *Knowledge about cooperation:* "I have full information about the functioning of cooperative, main cooperative principles and about the role of members in the cooperative organization".

Four of these six variables presented above (X_1, X_2, X_3 and X_5) are used also by Golovina and Nilsson (2009) who conducted a survey among agricultural producers in the Kurgan region of Russia. Among the 158 members of a variety of supply and marketing cooperatives, 141 were interviewed, which corresponds to a response rate of 89%. Interviews were also carried out with 786 non-members (potential members), divided into three randomly selected samples. This group of respondents consisted of 111 managers of agricultural enterprises, 223 peasant farms and 452 owners of individual farms, with response rates of 83%, 80% and 79% in each group, respectively.

The data collection took place in February, March and April 2008. Data were collected by one of the authors and 21 of her students through personal interviews, by phone and through mail. A question guide or a questionnaire was used, containing identical questions.

The survey consisted of the four above-mentioned socio-psychological constructs (X_1, X_2, X_3 and X_5), which were measured with one question for each. All variables are graded according to a Likert scale, ranging from 1 to 6, where 1 is "strongly disagree", 2 is "disagree", 3 is "weakly disagree", 4 is "weakly agree", 5 is "agree", and 6 is "strongly agree".

The findings from Golovina and Nilsson (2009) show that the members at the beginning of 2008 ranked fairly high in terms of assessment of cooperatives, willingness to conduct business, trust in colleagues and partners, and view of participation in the governance. Nevertheless, the situation is not stable because their membership period had been quite short. Furthermore, the non-members express very negative opinions about cooperatives, and non-members may influence members.

Other results from the Golovina and Nilsson survey are as follows. Three-quarters (73%) of non-members and every fifth member (19%) express a negative attitude towards cooperation. Only 4% of the non-members and 41% of the members "strongly agree" with a statement about cooperatives' important role for agriculture. Less than 30% of the non-members are ready to do business with cooperatives in the future, whereas almost all members (99%) are prepared to do so. Trust is the most hampering factor for cooperative development as 87% of the interviewed non-members and 57% of the members say that they distrust their colleagues

and fellow-villagers or just "weakly agree" that their partners are reliable for collective action and cooperation. Three-quarters (74%) of the potential members are not aware of democratic institutions in economic and social life and four-fifths (81%) of these do not know about cooperative principles. The willingness to invest in a cooperative is problematic as well. Among the non-members who say that they might be involved in cooperatives in the future, 80% are not willing to make investments. Less than half of the members (40%) agree or strongly agree to invest in a cooperative.

The previously mentioned study of cooperative members in the Kurgan region does not allow any conclusion about whether the members' attitudes towards cooperatives may become better or worse after they have got more experience from their membership. The fact that they have joined a cooperative probably means that they hope to improve their living conditions and it may be that they are eager to further improve the conditions.

Hypotheses

On the basis of the discussions above the following hypotheses are put forward:

H_0 The members of the agricultural cooperatives get better attitudes towards top-down organized cooperatives as they get more experience from their cooperative membership;

H_1 The members of the agricultural cooperatives get worse attitudes towards top-down organized cooperatives as they get more experience from their cooperative membership.

The concept "attitude" should be interpreted as multifaceted, comprising all the six variables, which are essential for cooperative success according to the account above: "*Assessment of the value of cooperatives*", "*Attitude towards conducting business*", "*Attitude towards participation in the governance*", "*Attitude towards investing*", "*Trust in colleagues and partners*" and "*Knowledge about cooperation*".

4. Methodological issues

Data collection

In order to test the hypotheses a second survey has to be conducted among the cooperative members in the Kurgan region, parallel to the one conducted by Golovina and Nilsson in early 2008. One difference is that Golovina and Nilsson (2009) report only four of the variables while all the six variables mentioned above are included in the present study. To get best possible comparability the same questions were put to the same respondents. Therefore the questionnaire contained the same questions and was identical in all other respects.

Except for the six questions, each of which corresponded to one of the socio-psychological constructs, two other questions were presented to the respondents. One concerned the respondents' "diagnosis" about why agricultural cooperatives have such a poor development in the Kurgan region. The respondents were asked to choose among nine predefined options. The other question concerned the respondents' degree of satisfaction with their cooperatives. The latter question was to be answered on a six-graded scale from "very dissatisfied" to "very satisfied".

The Golovina and Nilsson (2009) survey comprised both existing members and potential members. As the aim of the present study is to explore whether the agricultural producers may become veritable cooperators when they are learning and getting skills after they have joined a top-down organized cooperative, only current members should be inquired. It does not make sense to include potential members in this study as these have not made any experiences from cooperatives.

Data were collected in September and October 2008 in the same way as in the data collection round that was conducted in February, March and April. One of the authors and a group of her students conducted personal interviews with the cooperative members.

The respondents were the same sample of members of agricultural cooperatives as in the first data collection round. The members of agricultural cooperatives are represented by agricultural enterprises (6%), peasant farms (20%) and individual farms (74%). Fortunately, it was possible to find and interview all persons who were interviewed in the previous data collection. Because the number of members during the last months has increased to 162, the response rate fell to 87%.

It may be claimed that the time span between the first and the second survey is so short that the members may not have had great opportunities to gain experience from their cooperatives. This argument was, however, countered above on the basis of learning theory. Furthermore, observations of other Russian governmental projects indicate that it might be hazardous to postpone the second data collection round. If data were to be collected half a year or one year later, it may be that many cooperatives had already been dissolved.

Method

Tests of the hypotheses were accomplished by means of *t-test for dependent variables*. This test allows a comparison between the differences in answers of cooperative members on the stage of the cooperatives' formation and after six months of their existence. The analyses reveal the trend of changes in members' attitudes (positive or negative) and define the statistical significance of these differences. The analyses comprise all the six variables (X_1–X_6).

5. Results

The results from the t-test for dependent samples are shown in Table 2. It can be seen that the members rank lower in five variables at the second measurement occasion. Only "knowledge about cooperatives" increased during the participation in the cooperative activity. The survey from early 2008 was conducted closely after the cooperatives had been established, so members had only little experience but they seemed to have been rather hopeful. When the second survey was conducted the members had got some experiences, though evidently not positive experiences.

During the half year that has elapsed since the first data collection, the members are generally more negative and the changes seem to be quite large. It should also be noted that all differences except for knowledge about cooperatives (X_6) are strongly statistically significant.

The p-level for X_6 (0.29) shows that the difference in knowledge about cooperatives changed slightly during the agricultural producers' participation in the cooperatives.

The fact that most attitudes have changed strongly even though the time period is short indicates that the changes are the result of personal experiences, perhaps combined with discussions with other members. There has been a cognitive learning process in the minds of the agricultural producers.

Table 2. T-test for dependent samples

Variable	Groups	Mean[#]	Standard deviation	Differences between means	t	df	p
X_1 Assessing the value of cooperatives	Late 2008	2.6	0.7				
	Early 2008	5.2	0.8	-2.6*	-51.7	140	0.00
X_2 Attitude to conducting business	Late 2008	2.3	0.8				
	Early 2008	5.3	0.7	-2.9*	-31.2	140	0.00
X_3 Attitude to participation in governance	Late 2008	2.0	1.1				
	Early 2008	5.0	0.7	-3.1*	-28.0	140	0.00
X_4 Attitude to investing	Late 2008	2.5	1.0				
	Early 2008	4.2	0.9	-1.6*	-13.5	140	0.00
X_5 Trust in colleagues and partners	Late 2008	1.5	0.7				
	Early 2008	4.4	0.8	-2.8*	-66.3	140	0.00
X_6 Know-ledge about cooperatives	Late 2008	4.6	1.1				
	Early 2008	4.4	1.0	+0.1	-1.1	140	0.29

[#] Measured on a Likert scale, ranging from 1 ("strongly disagree") to 6 ("strongly agree").
* Differences are statistically significant at $p<0.01$.

One possible explanation for the fact that most figures are lower in late 2008 than in early 2008) is that the responses from early 2008 might have been influenced by propaganda by the regional agricultural administration. In early 2008 the producers had hardly any experiences of their own, on which their statements could be based. This might explain particularly the decline in the respondents' general assessment (X_1).

The declined figure for interest in conducting business with the cooperative (X_2) is alarming as it may mean that the cooperatives will not be able to be a good business partner in the future. Vicious circles are operating here, i.e. if the cooperatives' business volume becomes small, they may (due to lacking economies of scale) not be able to give good offers to the producers and thereby the volume will fall even more.

While earlier studies about cooperative members indicate that democratic influence is considered to be very important, the Kurgan producers do not view participation in the cooperative (X_3) to be attractive. First, economic democracy as a concept is more or less unknown to them; second, the top-down organizational mode does not imply that they could have much influence.

The equity capital of the cooperatives came at the establishments from governmental sources, but if cooperatives are to be viable in a longer time perspective the members should be the

providers of capital. As the findings indicate that the members are not willing to invest money (X_4) the cooperatives will have difficulties developing.

The fact that the members' trust in each other (X_5) has declined drastically is worth noting. One would expect that people, when they become acquainted and socialize, get sympathies for each other, which may develop into trust. However, this was not found, possibly because the agricultural producers never got to like each other. Indeed, possibly the producers dislike each other more after they have got to know each other better. The fact that the membership is heterogeneous, consisting of three different types of producers, supports this explanation.

Although the finding is not statistically significant, it is interesting that the members say that they have got better knowledge about cooperatives (X_6) during their membership period. Of course they have observed some details of running a cooperative business. Considering the negative responses in the other five hypotheses, one may suppose that the members do not assess their new insights positively. A tendency of generalization is likely. As "learning by doing" is a slow and cumbersome process, it may be understandable that the progress is limited. A reason for the limited knowledge of cooperative principles might be low involvement in cooperative activity (government, investing, etc.) even after having joined a cooperative.

In the personal interviews with the members it was possible to learn the extent of their satisfaction with cooperatives. More than half (57%) of the members declared themselves to be "very dissatisfied", 26% were "dissatisfied", 8% were "dissatisfied to some extent", 7% were "satisfied to some extent", whereas "satisfied" or "very satisfied" was mentioned by 1% each.

When the members were asked to identify the reasons for the poor development of cooperatives in the Kurgan region, they suggested the following diagnoses:

- Insufficient level of knowledge about cooperation, deficiency of self-government skills, psychological unavailability to self-supporting cooperation and partnership (95%);
- Absence of cooperative education and shortage of professional people to manage agricultural cooperatives (87%);
- Financial problems (86%);
- Disparity between agricultural and industrial product prices (82%);
- Weak protection of the domestic market from imported raw products (68%);
- Imperfections in the legislation and the normative basis for cooperatives (66%).

6. Conclusions and further research

The aim of the study is to explore whether the agricultural producers may become veritable cooperators when they learn and get skills after they have joined a top-down organized cooperative. The findings strongly indicate that the learning, which the members have made, has made them less positive towards cooperatives. Many members seem to be prepared to leave the cooperatives. They express disappointment with this form of collective action. These findings are arguments for the rejection of hypothesis H_0 and acceptance of hypothesis H_1: "The members of the agricultural cooperatives get worse attitudes towards top-down organized cooperatives as they get more experience from their cooperative membership".

As the trends in the members' opinions are quite negative, it is may be that many or even most cooperatives will have to cease their operations. More seriously, however, it is doubtful whether the agricultural producers within the long-term future will establish any other agricultural cooperatives as their experiences from cooperatives are so bad.

Many informal institutions are instrumental for successful cooperatives. Such institutions are trust, readiness to be involved in collective action, and attitudes towards solidarity, equity, and democracy. This study indicates that cooperatives can hardly function effectively if these socio-psychological attributes are not present in the minds of the members.

The findings of this study indicate the difficulties of top-down organized cooperatives. Such cooperatives cannot be established in the current socio-economic environment in transition countries. They do not help the cooperative development in rural Russia and may not elsewhere. They not only fail to develop the agricultural sector but they also mean that large amounts of public resources are wasted. Another interpretation is that the federal and regional governments might have selected incorrect instruments for implementing their ideas. Hence, an interesting topic for further research would be an investigation about the way the authorities work when they plan the establishment of new agricultural cooperatives – what knowledge they have about the rural population, which motives they have, how the decisions are made, etc.

Although the general picture is gloomy, there are a few positive examples (out of 21) of successful cooperative organizations in the Kurgan region. These seem to be the result of specific qualifications and skills of the leadership, favorable starting conditions (especially financial) and appropriate behavioral characteristics of the members. These successful cooperatives merit special investigation, preferably to compare them with the poorly functioning cooperatives.

If a cooperative movement is to be developed in Russia, the agricultural producers must themselves take action to establish cooperative firms. The cooperatives that are thus established may differ considerably from the cooperative model that is advocated by the governmental authorities, i.e. the traditional cooperative model. If the Russian legislation were to permit other cooperative organizational models, for example with closed membership or hybrid forms, implying external financiers as co-owners the prospects for cooperative success stories might be brighter. A third suggestion for further research would hence be an analysis of the preconditions for alternative cooperative structures in the Russian agriculture.

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