

RURAL ECONOMY

Theoretical Guidance on the Determinants of Success in Agricultural Marketing and Production Clubs

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Staff Paper 98-10

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Background

Producers' marketing and production clubs have operated in Alberta, either as formal or informal clubs established with the support of Alberta Agriculture, Food and Rural Development (AAFRD), Farm Business Management Program (FBMP) or private consultants. AAFRD and FBMP have actively promoted agriculture marketing and production clubs as a mechanism to enhance farmers' skills at using market information and improving their operations through information transfer. Some of these clubs have been successful at enhancing farm managers' ability to adapt to change and foster a management mindset. While substantial resources are provided by AAFRD, FBMP and farm managers to operate these clubs, there has not been an evaluation of the roles these resources, and other factors, contribute to the successful establishment and operation of these clubs.

It is evident from casual observation that many of the clubs are very successful, while others are marginally beneficial. Some of these clubs fall short in the areas of organization, leadership and support. Many of these shortcomings could be addressed with a better understanding of the key attributes of success of these clubs.

In February 1997, researchers in Rural Economy collaborated with AAFRD and FBMP to evaluate these clubs in Alberta. The purpose of the project is to determine the key attributes of success in the establishment, objectives, operation and maintenance of agricultural marketing and production clubs. The expected benefits of this project include a higher degree of success of current clubs to improve the skills and knowledge of club members and leaders in the areas of marketing and production.

Objectives

The objectives of this project are to:

- ◆ survey, analyze and summarize the key attributes of success of current marketing and production clubs in Alberta,
- ◆ provide guidelines for the establishment, objectives, operation and maintenance of these clubs,
- ◆ summarize the guidelines in a brochure or operations manual, for distribution to marketing and production clubs,
- ◆ provide specialists of AAFRD, consultants, advisors and farm leaders with information about how to appropriately promote and establish marketing and production clubs,
- ◆ maximize the potential benefit to producers through enhanced skills in managing market and production information, and making marketing decisions,
- ◆ enhance development of organizational skills of producers.

Relevant Theoretical Concepts

This paper will outline the relevant theoretical concepts that are guiding this research.

Economics literature provides a basis for examining the club theory and the goods that these clubs provide. Economics and sociology informs us of how and why people join together to bring about change through collective action. Psychological and sociological literature provides insight into the factors that determine success in small groups and group developmental stages. Each of these conceptual areas help to explain the complex environment in which these clubs operate.

Marketing Clubs and Production Clubs

Formal and informal clubs have been in operation in rural communities in Alberta to provide a variety of services to communities. They have historically provided such services as entertainment, health care, social support and financial aid. Agricultural commodity marketing and production clubs also offer an invaluable service to the members. They provide a forum where agricultural producers can come together to educate themselves about the options available to improve their production and marketing skills.

Benefits

Marketing clubs are tools used by producers to exchange information in order to maintain and upgrade their marketing skills. More specifically they are “ groups of people with a common goal of improving their marketing skills and keeping current on market information by pooling their knowledge while accessing outside resources” (Sifferath and Bigger, 1987, p.1). Marketing clubs serve two functions, the first is to provide practical information to producers so that they may gain the best price for their product and the second is that they provide emotional support for dealing with the psychology of markets (Minneapolis Grain Exchange, 1998).

Carter (1987) indicates four main advantages to members of marketing clubs: 1) Members gain more knowledge about marketing; 2) members gain a greater sense of confidence in their decision making because they are more knowledgeable; 3) there is a more efficient use of time as the producers’ group gathers the information rather than a individually; 4) members will become more financially disciplined because they lay out a financial strategy with the group.

Production clubs are tools that producers use to keep abreast of production knowledge and skills. Many production clubs started in order to maximize yields but more recently club members have become more interested in economics of production, soil conservation and marketing (Hass, 1989). Some of the advantages to joining a production club are that the members improve their own operations, the club provides an economy of scale, and the club fosters more innovation in the members (Hass, 1989).

Clubs provide benefits to the members of the clubs as well as the community as a whole. Matheson (1993) recognized the importance of clubs to community stability and well being in Montana:

What the farmers learn about a particular farming practice is almost secondary to the social and community benefits of the learning process itself. The group aspect multiplies the learning, lends credibility in the larger community and with agricultural service and research agencies...Many of the clubs report broader support among the local agriculture community as a result of club activity (p.13).

The literature for both marketing and production clubs outlined many similar characteristics that contributed to the success of clubs. The characteristics that are emphasized as being important are leadership (Chicago Board of Trade, 1989; Carlson, 1987; Minneapolis Grain Exchange, 1989) member participation (Chicago Board of Trade, 1989; Minneapolis Grain Exchange, 1989; Stirling, 1993), goal setting (Hass, 1989; Carlson, 1987), size (Hass, 1989), diversity (Minneapolis Grain Exchange, 1998) and meeting structure (length, frequency, rules of order) (Hass, 1989; Carlson, 1987).

Costs

While marketing and production clubs undoubtedly provide many benefits to agricultural producers, there are also some costs associated with membership. One of the main costs to the members is time. The amount of time commitment can vary from one

night a month for three hours to once a week for three hours. The members may also be required to spend time outside of the meeting researching new methods and technologies to provide to the members at the next meeting. Another time commitment is the travel time required to drive to a meeting. Some producers may have to travel an hour or longer to attend a meeting.

Another cost is the membership fee that may be required to join the club. Again, this varies anywhere from \$5.00 to \$200.00. Members may also be required to pay for other expenses throughout the year such as farm tours or feedlot expenses.

Alternative sources to clubs should be considered a cost as well. The costs associated with these sources will have a direct bearing on whether a person will join a club or not. Some alternatives for sources of information are other clubs, private consultants, and newsletters.

In order for members to retain memberships in clubs, the costs have to be reasonable. That is, the benefits have to be larger than the costs associated with the club (Cornes and Sandler, 1996). Therefore, the time commitment and the financial commitment have to “cost” less than alternative sources in order for members to join.

Club Goods

A club is “a voluntary group of individuals who derive mutual benefits from sharing one or more of the following: production costs, the members’ characteristics, or a good characterized by excludable benefits” (Sandler and Tschirhart, 1997, p.335).

Therefore a club good is a good that is “characterized by excludable benefits.”

Cornes and Sandler (1996) recognize six features that distinguish it from public and private goods. The first feature that distinguishes a club good from a public good is

that membership is voluntary for club goods. Public goods are nonexclusive, therefore a public good is not voluntary because no one can be excluded, even if they prefer not to receive the good. However, a club good is voluntary and members make a choice to belong because they anticipate a net benefit from the membership.

The second feature that is important in distinguishing public goods from club goods is that a club good has a finite membership. As well as nonexclusive, public goods are non-rival, while one person is using the good, it does not take away any enjoyment or use others may receive from that good. This results in an infinite number of people using the good. Club goods, on the other hand, are rival and as membership increases so too does crowding and congestion, which decreases the net benefit the members receive from the good. Therefore club membership must be limited in order for the members to receive optimum benefits.

Club goods are exclusive and have finite memberships, therefore the third and fourth characteristics are that non-members are excluded and there must be an exclusion mechanism in place to monitor utilization. The exclusion mechanism provides an incentive for members to pay the costs of receiving the benefits of being a member of the club. The cost of membership must be reasonable, that is the cost must not be more than the benefits received from club membership.

The fifth characteristic that is important when distinguishing between public and club goods is that club goods involve at least two allocative decisions. When dealing with public goods, only one allocative decision requires consideration, that is the amount of the good to provide. Whereas when dealing with club goods two decisions should be addressed: the amount of the good to provide and the amount of members in the club.

Neither of these decisions can be determined independently; each effects the other.

The final feature that distinguishes club goods from pure public goods is that club goods can reach optimality, whereas public goods cannot. Public goods may reach Nash equilibrium, which is suboptimal, therefore government provision is required. However, because club goods have an exclusion mechanism, they are more able to reach Pareto-optimal results that do not require government assistance (Cornes and Sander, 1996).

Club Theory

The study of clubs and club theory originates in economics. A.C. Pigou (1920) and Frank Knight (1924) in their research on road tolls first examined club theory. Charles Tiebout (1956) followed research on club theory by developing his voting-with-feet hypothesis, where a population separated themselves into clubs based on the tax-public good package that was most optimum for them.

The theory of clubs came to the forefront in 1965, with James Buchanan's influential work "An Economic Theory of Clubs" (1965). Buchanan developed the notion of a continuum of ownership-consumption possibilities. Before the development of club theory, Samuelson (1954) distinguished between two extremes, purely private and purely public goods. The theory of clubs bridged the gap between the purely public and the purely private goods that previously dominated the ownership-consumption possibilities.

Buchanan recognized that there was a subclass of goods (club goods) which had excludable benefits that could be allocated through private cooperative groups (clubs).

With purely private goods, consumption by one individual automatically reduces potential consumption of other individuals by an equal amount. With purely public goods, consumption by any one individual implies equal consumption by all others. For goods falling between these two extremes, such a distinction must be made. This is because for such goods there is no

unique translation possible between the “goods available to the membership unit” and “ goods finally consumed”...therefore, the “goods” entering the individuals utility function ... should be interpreted as “goods available for consumption to the whole membership unit of which the reference individual is a member”. (P.3)

There are five different approaches used to exclude consumption by nonmembers;

1) Membership fees, 2) user fees, 3) membership fee and user fee, 4) user fee supplemented by a general fund, 5) tax to finance a mutiproduct package (Cornes and Sandler, 1996). Any or all of these methods can be used to partition the population into members and nonmembers.

Club theory determines “ the most desirable cost and consumption sharing arrangement” for this class of good (Buchanan, 1965, p.2). The benefit that one person gets from a good is directly related to the number of other people in the group. Therefore, individual utility is a function of membership size and provision of goods.

This theory applies only when the motivation for joining the club is economic, when the motivation is emotional support or camaraderie the theory does not apply. Club theory has been applied to the study of public utilities (Wiseman, 1957), communication systems (Sandler and Schulze, 1985), and environmental pollution (Murdoch and Sandler, 1994, as cited by Cornes and Sandler).

Collective Action

Collective action research has its roots in economics. It was introduced into the main stream of the social sciences by Mancur Olson in "The Logic of Collective Action" (1965). A main assumption of Olson’s theory was that “organizations typically exist to further the common interests of groups of people” (p.7). Given this assumption it would logically follow that individuals in the group will act in a way to achieve the group goals, if

the goals of the group will benefit the individual. Olson argues that this is not the case, he suggests that “rational, self-interested individuals will not act to achieve their common or group interests” (p.2), because rational, self-interested individuals would rather freeride. That is, they would like to benefit from others without any of their own effort, expense or commitment. In order for individuals to work towards a common goal, there needs to be coercion, or incentive, for the individual. However, small groups may have some “voluntary action in support of the common purposes” but there is a “surprising tendency for the “exploitation of the *great* by the *small*” (p. 3).

According to Olson, a collective good is nonexcludable, therefore if it is provided to one member of the group it cannot be withheld from any other member. Any attempt to acquire this good is considered collective action. If one member of the group pays for the good it is provided to the whole group, hence the free rider problem develops. Free riders are people who consume a good but do not contribute to the provision of it. Olson concludes that the only “rational” response for each individual is to free ride, therefore no collective good will ever be provided.

Olson does, however, suggest that individuals can be motivated by “selective incentives” which include “status and social acceptance,” as well as “erotic incentives, psychological incentives and so on” (p.61). Marwell and Oliver (1993) have reinterpreted Olson's thesis as saying:

people will not engage in collective action solely from motives of isolated *material* self-interest in the collective good, but will also have solidary ties to other collective actors, have a sense of moral purpose, stand to gain personally from the very fact of acting, or any combination of these motives (p.7).

A number of social science theorists recognize many difficulties with Olson's analysis of collective goods and collective action. The critiques generally fall into three areas of disagreement. They disagree with his claims that: 1) an individual's contribution to the group is too small to make a difference in the provision of the good; 2) the members of the group have no effect on the contribution of an individual, and; 3) coordination of action is impossible (Marwell and Oliver, 1993).

Marwell and Oliver (1993) have developed a theory of critical mass in collective action that deals with most of these criticisms. Their main purpose of the theory is to "elaborate a theory that distinguishes those variables ... that affect the occurrence and amount of collective action" (p.9). Critical mass is the minimum number of resources, people or money, that is needed to attract others to the group. People join groups not only as a result of common interests but also because the group has some legitimacy. This legitimacy is most often, but not solely, demonstrated by the size of the group.

In order for Marwell and Oliver to determine the predominant factors that promote collective action they examined four essential components. The first component is the characteristics of the individuals in the group, which consisted of the individual's interest in the good provided, and the resources they had to contribute to the group. The second component is the characteristics of the group, which are characterized by group size and group diversity. The third component is the good that was provided. The characteristics of the good that are explored are the amount of the good provided, the price, and the homogeneity of the good. Heterogeneity of goods tend to increase the collective action around those goods because it attracts people with many different interests or stakes in the goods. The final component is the process by which the collective action is organized

which is indicated by the method that the group chose to make decisions.

Marwell and Oliver's theory of critical mass identified the factors within the group that promote collective action but they did not address external factors that may affect collective action. In their analysis of collective action in Haiti, White and Runge (1995) address this aspect of collective action by developing a conceptual framework that introduces external forces such as the socio-physical context.

The framework that White and Runge (1995) developed is an extension of existing literature on institutional change and can be used to examine collaborative institutions of all types. According to White and Runge, collective action happens in three phases. First, there is a change in the status quo and a proposal for collective action is developed. Next, individual agents decide to cooperate or not to cooperate. Third, there is either acceptance or rejection of the collective action.

White and Runge found that individual cooperation would be more likely to occur if the individual had prior membership in collective action groups and has knowledge of the potential gains. The continuation of collective action is dependent on the size of benefits being produced and on the amount of people who had knowledge of the benefits. They feel that the “basic rationale driving voluntary collective action is that individuals or groups are interdependent, and that their welfare ... can somehow be improved with cooperation.” (p.1693). But the improvement of their welfare of the individuals is not the only motivating factor, the groups provide a necessary experience of information sharing, trust building, role construction and monitoring of relationships and sanctioning. With the assurance of solidarity and reciprocity, these experiences allow the members to build social networks for future dealing and become more innovative (White and Runge, 1995).

Group Success

People have been motivated to form groups for a number of purposes for millennia. Groups have been formed to provide protection, to enhance social networks, to provide education and to improve economic situations. There have been many attempts to define groups from both psychological and sociological perspectives. The characteristics of groups that are emphasized in the various definitions are member perception (Bales, 1950), member needs (Bass, 1960), group goals (Mills, 1967), and member interdependence (Lewin, 1951)¹.

For the purposes of this research, Zander (1994) offers a simple definition that incorporates all of the above concepts: “A group is a set of people who interact with and depend on each other - who collaborate and behave in ways that suit mutual expectations.”

The success of a group is dependent on the objectives of a group, therefore success for each group will be different. The underlying factor for any group success is that it survives until its goal has been reached (Berne, 1963). Groups are formed for a purpose and if that purpose has been fulfilled then the group has been successful. Group success is measured by how well it has accomplished its objectives (Zander, 1994).

Composition

The composition of the group is important to every other aspect of the group. Many researchers believe that certain facets of groups, such as structure, dynamics and

¹For a full development of the definitions of groups, see Shaw, M.E. 1981. *Group Dynamics: The Psychology of Small Group Behavior*. New York: McGraw-Hill.

performance, are influenced by group composition (Moreland, Levine and Wingert, 1996). Group composition consists of group size, group diversity and group attributes.

Size

Group size has both positive and negative influences on group processes and performance (Shaw, 1981). As group size increases, so too does the information, skills and resources, such as time, money and expertise. Group size may also have a negative influence on group processes. Studies have shown that as the size of the group increases member participation decreases (Gibb, 1951; Indik, 1965; Patterson and Schaeffer, 1977), there is more conflict (Hare, 1952; O'Dell, 1968), and members are less satisfied (Mullen, Symons, Hu & Salas, 1989).

Shaw (1981) sees the effect of size on group performance as a result of opposing forces, “whether the performance will become more or less effective as size increases will depend upon the degree to which added resources can be utilized and the degree to which group processes exert negative influence on the group output.” (p 174). There is no simple way to determine the best size for optimum group performance. Optimum group size is dependent on a number of different factors, such as group task and composition, which vary with each group.

Diversity

Group diversity can take on many forms, members can differ in race, ethnicity, gender, age, socioeconomic status, and opinions. Like group size, diversity can have both negative and positive effects on group processes and performance. Diversity increases performance of some tasks (Wood, 1987), promotes innovation within groups (Bantel and Jackson, 1989), and increases creativity in problem solving (Hoffman, 1959; Hoffman and

Maier, 1961). Diversity has also been shown to create conflict within groups, which will weaken the cohesiveness of the group and will decrease performance in groups (Moreland, Levine and Wingert, 1996). As demonstrated with group size, the effect of diversity on groups is dependent on a number of different factors, such as the task (simple or complex), or the type of diversity (race, personality, philosophy, gender, etc.).

Group tasks require a diverse set of skills to accomplish the final goal, therefore groups whose members have diverse, but relevant skills, will be more successful in reaching those goals (Shaw, 1981). Studies have demonstrated that sexual heterogeneity in groups is more effective than homogeneity (Ruhe, 1978; Dyson et al., 1976). As well, there is evidence that heterogeneity in personality types will result in a more effective group (Hoffman, 1959; Hoffman and Maier, 1961).

Group Attributes

Group size and group diversity effects a number of processes in groups. Size and diversity influence group cohesion and compatibility, which effects the attributes of the group. A group can have many attributes that make it an effective, successful group.

Zander (1994) identifies four attributes that are essential to strengthening a group in order to make it effective:

The first two... identify it as group:(1) members interact freely and (2) depend on the actions of each other. The second two help make it a stronger body: (3) members want to remain as members because the group is attractive to them, and (4) the body has the power to influence those whom it is supposed to guide and to deal with pressures or restraints arising outside its boundaries(pg. 4).

By increasing the effects of these four attributes, Zander suggests that the group will become stronger.

Goals

Groups are formed to accomplish one or more objectives, these objectives are referred to as the groups goals. Cartwright and Zander (1953) assumed that group goals do not differ from individual goals and that the actions that members took to achieve group goals were similar to the actions that individuals would take to accomplish individual goals. This assumption was tested using the level of aspiration procedure and the results supported the original assumptions (Shelly, 1954; Zander & Medow, 1963; Zander & Newcomb, 1967; Zander, 1968). They found that the group goals motivated the group members towards their attainment (Shaw, 1981). Zander (1994) proposes that the goals of a group should be clear, challenging and measurable in order for them to be effective in motivating the group towards those goals and in attaining the goals.

Explicit goals are essential to the effectiveness of the group. When individuals of the group are aware of the goals they are more able to work toward that goal. In Larson and LaFastos' (1989) study on qualities that are important to the success of teams in government, business and sports, they found that when members had a clear understanding of the goals the team functioned more effectively.

The difficulty of the goals is determined by the amount of resources required to attain the goal (Zander, 1994). There is an abundance of research that supports the idea that groups that are assigned challenging goals are more effective than groups without explicit goals (Hinsz, 1995; Larson and Schaumann, 1993; Weingart, 1992; Weingart and Weldon, 1991). A challenging goal promotes group coordination of diverse skills within the group. When a challenging goal is accomplished there is a great sense of pride, but if the group falls short of a challenging goal, there is less embarrassment of the failure than if

there would have been if the goal was less challenging (Zander, 1994)

In order for a group to know if it is successful in achieving a goal, the goal has to have some kind of measurability. When a goal is measurable the group is able to evaluate itself and its members based on the end result of its endeavors.

The formation of goals provides a number of functions for the groups. Goals provide: a level of achievement that can be used for group evaluation, a source of stimulation, a guide for direction, justification for actions, a basis for formation of networks, and a means to establish reward schemes (Zander, 1994).

Leadership

Although leadership has been the subject of a plethora of research, until recently, researchers felt there was very little known about it (House and Baetz, 1990). There was a wealth of literature on leadership but there had been no review of the literature to form any generalizations about leadership. In 1974, Stogdil compiled seven decades of leadership research and his conclusion was that “(t)he endless accumulation of empirical data has not produced an integrated understanding of leadership” (p.vii). Recently, House and Baetz (1990), in the tradition of Stogdil, compiled leadership articles for nine decades and, contrary to Stogdil, found that “there are several empirical generalizations that can be induced from the wealth of research findings concerning leadership” (p.2).

From their analysis of prior research, House and Baetz have developed this definition of leadership: “(T)he degree to which the behavior of a group member is perceived as an acceptable attempt to influence the receiver regarding his or her activity as a member of a particular group or the activity of other group members” (p.5). Therefore, leadership behavior has to be perceived as an influence on the group and that influence has

to be accepted by the group.

Shaw (1981) presents six distinct factors that have appeared in the literature regarding leadership. A leader is: the focus of group behavior, able to lead the group towards its goals, named by the group, able to change the level of group performance, and a person who engages in leadership behavior (Shaw, 1981). Another approach to the study of leadership is the trait approach which is based on the idea that a person has certain traits or characteristics that make him or her a leader. Research has shown, in general that leaders tend to be more intelligent, dominant, self confident, sociable and more achievement oriented than their subordinates (Brown, 1988).

Effects of Leadership

In their review of relevant literature on leadership, House and Baetz examined the effect leadership has on various outcomes of a group. To determine if a leader had an effect on the group outcomes the study had to: 1) establish a change in the leaders behavior prior to the change in the outcome, and 2) ensure that the change in the outcome was not the result of a third variable (House and Baetz., 1990). They found that a number of studies supported the theory that leadership does have an influence on the amount of variance in the effort level of subordinates, adaptability to change, turnover rates, productivity, and motivation. These studies suggest that leadership can influence change within organizations. However, results of some studies suggest that leadership has no influence on the outcomes of the group.

These mixed results lead House and Baetz to suggest that the best way to determine effects of leadership on group behavior is to use a “contingency” or “situational” approach where “ it is necessary to specify the conditions or situational

parameters that moderate the relationship between leader and behavior criteria” (p.8).

Group Development

Groups are not static organizations, they are constantly evolving to adapt to change within and outside the group. This evolution is the development of the group. The study of group development has a long history in sociology and social psychology. Theorists have outlined many different group developmental stage models which determine the stages a group goes through to accomplish its final goal or task. Most of these models are based on social-emotional or task related behaviors. These models differ in their emphasis on the stage progressions (recurrent cycles vs. successive stage), history (partial history vs. full history), and in the nomenclature of the stages (Lacoursiere, 1980). The models are also dependent on the types of groups they are applied to: problem solving groups, training groups, therapy groups, etc.

Before we examine the stages of development that Lacoursiere proposes, it is important to examine the formation of the group. The way a group forms may have an effect on all the other stages of development, therefore group formation may be one of the most critical stages in group development (Moreland, 1987).

Formation

Zander (1994) suggests four circumstances that need to exist before organizers and members establish a group: “1) Conditions in the environment or in the lives of potential joiners are unsatisfactory or suggest an opportunity for desirable change; 2) Organizers conceive a more satisfactory state of affairs; 3) Members believe they can achieve more satisfactory state of affairs through activities of the group, and; 4) Conditions surrounding the unit encourage persons to establish a group and take part in its activities” (pp.2-4). As

has been shown in the formation of many grassroots organizations, when citizens perceive a threat to their well-being they will form groups to tackle the potential threat.

Moreland (1987) argues that group formation is a “*continuous* phenomenon involving the movement of a set of persons along that dimension, rather than a *discontinuous* phenomenon involving the transformation of a nongroup into a group” (p.81). Moreland refers to this process as social integration.

Moreland describes four different social integrations that are varieties of group formation. Environmental integration forms small groups when the resources to form the group are provided by the physical, social or cultural environment. Behavioral integration results when people are dependent on one another for basic needs. Affective integration develops when people have shared feelings. Cognitive integration happens when people have similar personal characteristics. The formation of a group is not restricted to any one specific integration process, a small group may be formed by one or more of these processes, which may result in stronger group cohesion.

Stages of Development

Lacoursiere (1980) developed a comprehensive theory of group developmental stages. The stages of development are named based on the social-emotional or task-related behaviors in each stage. The stages of this developmental theory are: orientation, dissatisfaction, resolution, production, and termination. These stages are not distinct stages that have a beginning and an end, rather they blend into each other for a smooth transition from one stage to the next.

The first stage that Lacoursiere introduces is the orientation stage. As the name suggest this is the phase were the members of the group become oriented to the group

norms and values. The new members are excited at the new experience and have a positive attitude about the possible accomplishments. Anxiety on the members' part is prevalent in this stage; there is apprehension as to whether the group will be able to help them reach their goals.

In marketing and production clubs this stage is does not last very long. Most of the members of the club will know one another either by name or by reputation, therefore the amount of time it takes to get acquainted is shorter. These clubs may only meet a five times a year, therefore the time the members take to get oriented cannot take more than a couple of meetings, if anything is to be accomplished. In this stage the marketing and production clubs are learning specific theories and terminology. They are also determining the diverse talents of the members in the group in order to utilize those abilities for the benefit of the members.

Lacoursiere's second stage is the dissatisfaction stage. In this phase, there is disappointment on the part of the members. The high expectations of the members are not being met. If this phase is prominent and the members are very dissatisfied the group could dissolve at this point and never make it to the next stages.

For marketing and production clubs this stage will not come about after the orientation stage. Because of the length of time it takes to see any results from agriculture marketing and production, the dissatisfaction stage is most likely to be later on in the group development. Producers are not likely to see the benefits of their membership for many months, or even years after they have joined the club, therefore they will not be able to determine if their expectations are being met.

The third stage is the resolution stage. At this point, there is some harmonizing

between expectations and reality. The members accept the tasks that are required of them. There is also an increase in skill level, which increases self-esteem. Eventually the negative feelings from the previous stage are diminished. This is the stage where group cohesion can be first recognized.

This stage in marketing and production clubs is characterized by the members gaining confidence in the group as well as their own decision making abilities. They are now learning practical applications and theories and are able to use the knowledge they have acquired on their own operations.

The fourth stage is the production stage. This stage is characterized by the team development. The members of the group work together to accomplish a common goal. The group has more autonomy and is not so dependent on the leader. At this stage marketing and production club members start to specialize into different commodity or information groups. The members are more responsible for supplying information to the rest of the group, and the meetings are more infrequent and less formal. The members do not feel compelled to attend every meeting because the costs of attending the meetings (time, travel, etc.) are more than the benefits they are receiving from the meetings.

As attendance diminishes the development of the group moves into the fifth stage: termination. The members of the group are evaluating the goals of the group and if those goals have been met. They are also evaluating themselves and what they have accomplished through the group. There may be a sense of loss that the group will no longer function to serve its purposes, but the sense of accomplishment may be stronger than the feelings of loss.

Summary

The success of marketing and production clubs in Alberta are dependent on a number of different factors. These theoretical concepts provide a framework to examine the social and economic factors most important to club success. Club theory provides an understanding of the types of goods that are provided in clubs. It also helps to determine the optimal consumption and cost arrangement for clubs. Collective action theory provides insight into why people join together to bring about change. Psychology and sociology point to pertinent variables in the group structure that are important to success. These variables include the composition and the goals of the group, leadership, and group development. These concepts guide this project by helping to create a holistic view of the complex environment of marketing and production clubs.

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