A social system analysis of the effectiveness of an economic organization

Otto Carlo Sampson Jr.
Iowa State University
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A social system analysis of the effectiveness of an economic organization

by

Otto Carlo Sampson, Jr.

A Dissertation Submitted to the Graduate Faculty in Partial Fulfillment of The Requirements for the Degree of DOCTOR OF PHILOSOPHY

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CHAPTER 1.

INTRODUCTION

Statement of Problematic

The rapid growth of complex organizations is one of the distinguishing characteristics of modern societies. Deliberately planned formal structures appear imperative to the satisfaction of most human needs and interests in these societies. Almost everything social is in some way affected by one or more formal organizations (Etzioni, 1964:1). Major technological, ecological, and social changes have resulted in organization societies in which there is greater dependence upon formal, impersonal relations between people in many areas of human relations. The decline in the agrarian way of life has been accompanied by complex patterns of industrial-urban living. In the past, the Gemeinschaft environment facilitated a preponderance of interpersonal relations based on intimate feelings and a high degree of informality. The present trend is toward a more Gesellschaft environment in which interpersonal relations are increasingly formal. Both rural and urban segments of the population are being affected by this dominating trend. In modern societies, emphasis on sentiment appears to be less important than emphasis on such factors as contract and rational calculation. One of the best sociological illustrations
of these changes is the phenomenal increase in the number and complexity of formal organizations.

Sociological interest in formal organizations can be traced to the founding of the discipline in the nineteenth century. However, one of the first persons to produce a classical work explaining the trend toward increasing rationality and greater organizational complexity was Max Weber (1947:329-341) whose discussion of bureaucracy did much to capture the attention of students of formal organizations. His ideal type bureaucracy provided the conceptual framework upon which many studies of formal organizations have been based. Weber was particularly concerned with patterns of authority and the rational aspects of formal organizations. For some writers, Weber's emphasis on the rational and formal aspects of human behavior has become the basis for criticism (Mouzelis, 1969:38 and Gouldner, 1965:402-404). They argue Weber overemphasized the rational aspects of human behavior while devoting insufficient attention to informal groups found within formal structures. Another criticism has been directed against his assertion that the goals of formal organizations are deliberately planned, that is, Weber failed to stress the unplanned and irrational aspects of such organizations. In addition, Etzioni (1961:xiii) says Weber's model of bureaucracy places too much emphasis on the similarities of formal organizations and too little emphasis on how they differ.
A common characteristic of all formal organizations is their focus on the achievement of goals. Yet, there are divergent perspectives concerning the nature of goals. For instance, writers such as Etzioni (1964) stress the primacy of goals in keeping the organization intact, while writers such as Hall (1970:3) argue that goals may at times constrain organizational activities. Etzioni (1964:5) says:

Goals also constitute a source of legitimacy which justifies the activities of an organization and, indeed, its very existence. Moreover, goals serve as standards by which members of an organization and outsiders can assess the success of the organization — i.e., its effectiveness and efficiency.

In spite of the diverse perspectives concerning goals, much has been written about organizational effectiveness in terms of the achievement of formal goals. However, there is a paucity of empirical studies of organizational goals, as well as organizational effectiveness. Furthermore, the research findings tend to be inconsistent.

Most of the writings on organizational goals and organizational effectiveness have been published since World War II (For example, see Comrey et al., 1952; Georgopoulos and Tannenbaum, 1957; Etzioni, 1964; Hall, 1970; and Perrow, 1961). Ghorpade (1971:173) says studies of organizational goals have been treated in a cursory and simplistic fashion. Prior to World War II, studies of formal organizations tended to stress the psychological
aspects of participation in organizations, and little attention was given to such topics as organizational goals and organizational effectiveness (Blau, 1962:289). According to Blau (1962:289), "Empirical research explicitly oriented to problems of bureaucratic organization began to appear only after World War II, primarily in the form of case studies, such as Selznick's study of the TVA and Gouldner's study of industrial bureaucracy."

The primary concern in this dissertation is with organizational effectiveness. Therefore, some attention will be given to the nature of organizational goals. The need for empirical studies of organizational effectiveness is explicit in the works of many writers (e.g., Georgopoulos and Tannenbaum, 1957; Mahoney, 1967; Yuchtman and Seashore, 1967; Ghorpade, 1970; Mulford et al., 1972; and Price, 1971). Organizational effectiveness is an area in which students of formal organizations encounter many problems. A major problem involves decisions concerning the criteria of effectiveness to be used, that is, whether effectiveness should be defined solely in terms of the achievement of formal goals or whether other factors should be included. Even when goals are used as criteria of effectiveness other problems remain. Organizations achieve goals with varying degrees of effectiveness. The goals are not always clearly defined. Another problem is the measurement of goals. The measurement of goal attainment or the degree of productivity in organizations with intangible goals is difficult. Warner (1967:41) and Beal (1971) see this
as a problem which has long been neglected by sociologists. Related to this is the problem of distinguishing between different kinds of goals. For instance, Perrow (1961:855) distinguishes between official goals and operative goals. Both types of goals may be found within the same organization, but they are not identical indices for the evaluation of organizational effectiveness.

Many criteria of organizational effectiveness have been delineated, but there is a lack of consensus among researchers concerning the usefulness of some of these criteria. Prior to the sixties, there was a tendency to examine only a limited number of variables as measures of effectiveness (e.g., productivity, profit, the number of clients served, or the number of services provided) without considering the broader aspects of the organization which enhance its ability to persist as a viable unit. Georgopoulos and Tannenbaum, (1957:534) point out that many researchers still choose a priori criteria of effectiveness that seem intuitively right without trying systematically to place them within a consistent and broader framework. This may result in distorted conclusions regarding effectiveness in the organizations being studied.

The exclusive use of formal goals as the only basis for the evaluation of effectiveness appears to inappropriate for most formal organizations. This is one reason traditional organizational theory fails to provide an adequate perspective from which
to assess the effectiveness of both goal and nongoal activities of organizations. The overemphasis on goal attainment may neglect other essential aspects of organizational effectiveness. Traditional theory tends to overlook the supporting (intermediate) goals that must be achieved in the attainment of ultimate goals.

Many researchers who study organizational effectiveness do not clearly specify their primary unit of analysis. They do not indicate whether their unit of analysis is individuals or a total or partial organizational system. To mix units of analysis can have serious research consequences. Researchers should clearly delineate and specify in advance whether they are studying individuals, a segment, or the entire organizational structure (Ghorpade, 1971:173). This dissertation focuses on a segment of local farmer cooperatives.

There have been relatively few studies of organizational effectiveness of farmers' organizations. Rural sociologists have conducted many studies of farmers' organizations since the turn of the century, but these studies have focused on aspects of these organizations other than organizational effectiveness. For example, one study by Beal (1956) focused on farmer participation in cooperatives. There appears to have been little specific interest in the evaluation of effectiveness in early studies of farmer cooperatives, even though these
organizations have existed in this country since the early nineteenth century. Bohlen (1955:11) has stated, "Farm cooperatives are among the least understood of all rural organizations. (Yet) about 90 percent of all Iowa farm families are part owners of one or more cooperatives." This dissertation focuses on organizational effectiveness in farmer cooperatives.

Most formal organizations are subject to some kind of effectiveness evaluation. They may be evaluated by internal, external, or a combination of internal and external actors. The challenge to formal organizations to be accountable and produce evidence of their worth is becoming increasingly intense. If social scientists are to improve their contributions to the understanding of formal organizations and their effectiveness, they must scrutinize the conceptual and empirical gaps found in existing models and research techniques. There is need for a conceptual framework which takes into account the differences between various types of organizations. Thus, writings by Etzioni (1961), Mulford et al. (1972), Dill (1965:1105), and others call for comparative research.

Findings from past empirical studies of organizational effectiveness "show numerous inconsistencies, and are difficult to evaluate and interpret, let alone compare (Yuchtman and Seashore, 1967:892)." Perhaps one reason for the inconsistencies is the fact that most studies of organizational effectiveness have been highly eclectic and highly descriptive. Another
possible reason is the failure of researchers to take into account the differences between various types of organizations. The problem may not be the lack of sociological models of organizational effectiveness, but, rather the failure to reconcile salient aspects of existing models.

Increased attention has been given to the study of organizational effectiveness in recent years, but few researchers have tried systematically to combine and compare aspects of different models. For instance, research has focused more on the official goals of organizations while neglecting other important aspects of effective organizations.

The use of formal goals as exclusive organizational evaluation criteria has serious limitations. An organization can achieve its goals at one time without being able to attain any of its goals at a later time. Conceivably, some organizations have ceased to exist at a time when the attainment of officially espoused goals was at its peak because of the inability to cope with the internal stress and strain that exceeded the tolerance limits of the organizations themselves.

Thus, empirical research on organizational effectiveness is confronted with many problems. Some of the problems are caused by the nature of organizations, while others are found within the social science disciplines. Warner (1967b:3) says two of the most immediate problems impeding research on organizational effectiveness are (1) the nature of the goals of
formal organizations and (2) the kinds of decisions made by the researcher. He implies that the complexity of goals, especially intangible goals, often influences the decisions researchers make. As a result, the decisions of researchers may effect the findings and the comparison of findings with those of other studies (Warner, 1967b:4).

This dissertation is exploratory, in the sense that the writer attempts to evaluate the effectiveness of farmer cooperatives by using data from a 1966 study. In conjunction with this, the writer explores alternatives for evaluating organizational effectiveness in a subsequent study.

Dissertation Objectives

This dissertation has two general objectives. They are:

1. To review basic models proposed for the evaluation of the effectiveness of formal organizations.
2. To investigate the utility of a selected model in the evaluation of the effectiveness of an economic organization.

The specific objectives are:

1. To investigate the feasibility of the social system approach to evaluate the effectiveness of local farmer cooperatives in Iowa.
2. To identify specific problems of empirical research on the effectiveness of farmer cooperatives as economic organizations.
3. To provide a sociological guide for use in more comprehensive future studies of the effectiveness of farmer cooperatives.

Approach Followed

This dissertation attempts to bring together selected aspects of research on formal organizations. The approach to be followed will incorporate substantive sociological concepts derived from organizational theory grounded in structural-functionalism. Traditional theories of formal organizations were centered around the ideal types that characterized Max Weber's concept of bureaucracy. While studies that follow the conceptual framework of Weber have made some contributions to the understanding of certain aspects of formal organizations, they tend to present a monistic view of the total organization. Consequently, an attempt is made to follow an approach which directs attention to more than just the attainment of official goals.

Whereas Chapter 1 has been devoted to a discussion of the problematic and objectives, chapter 2 presents a brief discussion of the origin, growth, purpose, and structure of farmer cooperatives in the United States.

Chapter 3 presents the theoretical framework to be followed in the derivation of the hypotheses to be tested. The focus is on selected models and methods followed by researchers
in earlier studies of organizational effectiveness. Special attention is given to the problems encountered by past researchers in the selection and measurement of effectiveness criteria. The conceptual framework is grounded in structural-functionalism. Following this perspective, farmer cooperatives are viewed as social systems. As such, effectiveness is defined as a relationship between selected social processes (recruitment selectivity, socialization, and communication) and four functional problems which must be solved by all social systems. Chapter 3 also considers the influence of three intervening factors upon effectiveness, namely, orientations, means, and ends. The three selected social processes, borrowed from Etzioni (1961) form the independent concepts; and the four functional requirements of social systems used as the criteria of effectiveness are taken from the works of Parsons (1956c). A total of five general and eighteen specific hypotheses are stated in Chapter 3.

In Chapter 4, an explanation is given of the methods and procedures used in the collection, handling and analysis of the data. The data are selected from a comprehensive study of local farmer cooperatives conducted by sociologists at Iowa State University in 1966. The research was supported by the Iowa Agricultural and Home Economics Experimental Station in cooperation with the Tennessee Valley Authority. Funds were also provided by the Farmer Cooperative Service, a division of the United
States Department of Agriculture. The research, Project Number 1626, was coordinated by Dr. Richard D. Warren. Dr. Warren was assisted by Doctors George M. Beal and Joe M. Bohlen. All are sociologists at Iowa State University. This dissertation analyzes selected data by means of a conceptual framework different from the one followed in the design. Chapter 4 also discusses the limitation of the data.

Chapter 5 presents the results of statistical tests of the hypotheses. The data are analyzed statistically by means of zero-order correlations and multiple regression.

While only brief comments are made about the findings in Chapter 5, Chapter 6 is devoted to a general discussion and implications of the findings. No attempt is made to exhaust the number of possible implications.

Finally, Chapter 7 gives a brief summary of the preceding chapters.
CHAPTER 2.
FARMER COOPERATIVES

Introduction

As stated in the objectives, this dissertation deals with formal organizational effectiveness and the testing of hypotheses related to organizational effectiveness. The empirical referent for the dissertation research are Iowa farmer cooperatives. Therefore, it appears to be relevant to present a brief discussion regarding the growth and importance of farmer cooperatives, along with a few general comments about their purposes and structure. This should allow a more logical and meaningful reference to cooperatives throughout the dissertation. A more detailed discussion of specific aspects of cooperatives directly related to the concepts used in this dissertation will be presented at appropriate points in the dissertation.

Meaning and Importance of Farmer Cooperatives

Farmer cooperatives are a special kind of corporation established to meet the economic needs of farmers. They differ from corporations in three major respects. According to Smith (1953:527), farmer cooperatives (1) usually adhere to a one man one vote principle, (2) "their fundamental purpose is more efficient service rather than the securing of profits; and (3) earnings are prorated to members and patrons according to the amount
of business transacted with the (cooperative)." Approximately one fourth of all farm commodities in this country are marketed through farmer cooperatives. The member-patrons also use these organizations to purchase a sizeable quantity of the production supplies and equipment needed for their business (FCS, 1968:7). The importance of farmer cooperatives can be seen in the increasing membership in these formal organizations during recent decades as well as increases in the monetary value of products handled and services provided. For example, the gross business volume handled by farmer cooperatives during the fiscal year ending June 30, 1969 was 22.7 billion dollars. This was a 2.1 percent increase over the previous year (FCS, 1970:vi).

Profit-making for the organization itself is not the primary reason for the existence of farmer cooperatives. According to Roy (1964:27-28):

The primary purpose of a cooperative is to make a profit for its patrons or users of the cooperatives, not for its investors. The members of a cooperative serve themselves. They are both owners and users of the service.

In a sense, farmer cooperatives may be classified as rural voluntary associations in which the membership is based on economic motivation (Taylor and Jones, 1964:394 and Voorhis, 1961:106). Not only are economic needs met by farmer cooperatives, but they also form important communication, educational, and bargaining functions for their member-patrons.
Development and Growth of Farmer Cooperatives

Formally structured farmer cooperatives first appeared in the United States around 1810 (Nelson, 1952:175). The early organizations were few in number, widely dispersed, and they lacked the diversity of some of the present-day farmer cooperatives. For the most part, the period prior to the Civil War was one of slow cooperative growth. After the Civil War, there was a gradual increase in the number of cooperatives, but the most rapid growth and development of farmer cooperatives occurred between the last decade of the nineteenth century and the second decade of the present century. Since that time the number of cooperatives has been steadily declining, but the membership in these organizations has continued to increase.

Like all social systems, farmer cooperatives have had to adjust to the external environment in which they were located. They have been affected by the major economic, social, and political changes taking place within the country, as well as by problems and developments within the organizations themselves. To illustrate the former, Smith and Zopf (1970:426) cite the serious economic reverses in agriculture at the turn of the century which led to rapid increases in the number of farmer cooperatives established in this country. They state that "the cooperative movement took on a new life, gained momentum, underwent a fundamental change in outlook and objectives, and developed into a large scale undertaking."
Abrahamsen (FCS Bulletin 1, 1965:50-51) describes the chronological development of farmer cooperatives in the United States this way:

The first period, beginning shortly after 1800 and ending about 1870, was one of experimentation; the second from about 1870 to about 1890 resulted from early encouragement by general farm organizations; the third from around 1890 to 1920 saw the rapid organization of business cooperatives; the fourth from 1920 to 1933 was characterized as orderly cooperative marketing; the fifth from 1933 to 1945 may be described as one emphasizing sound business principles; and the sixth from 1945 to the present (1964) is characterized by adjustments to profound national and international events affecting agriculture. This last period is marked by growth, diversification, integration, consolidation, and modernization.

Farmer cooperatives have become big business in the United States. Farmers join and participate in them for different reasons. They join cooperatives as a cooperative endeavor by which they market their products, buy their supplies, and provide a wide range of basic services essential to the adjustment to diverse changes occurring in present-day agriculture (FCS, 1965:2). Cooperatives enable farmers to more effectively satisfy their economic needs, so they may be appropriately classified as economic organizations. Slocum (1962:399) suggests that farmer cooperatives contribute to the maximization of the income of individual members, but profit-making does not appear to be the goal of farmer cooperatives per se.

Farmer cooperatives are not all alike. They differ in such ways as size, area served, type of membership, legal status, and
the type of products handled (FCS, 1965:10-13). For example, the research focus in this dissertation is on local farmer cooperatives which specialize in grain handling and marketing, farm supplies, and related services. Local cooperatives provide services in the local area or community, a county, or even several counties (FCS, 1970:27). As stated previously, the member patrons are individual farmers who join the organization voluntary. Local cooperatives perform a limited number of first steps involved in marketing, and they may or may not be affiliated with any other cooperatives. Unlike local cooperatives, regional cooperatives serve districts consisting of a number of counties, or, in some cases, a number of states (FCS, 1970:27). Regional cooperatives may be federated, consisting of two or more local cooperatives; or they may be centralized cooperatives serving multi-county areas. They may also be a combination of federated and centralized cooperatives (Roy, 1964:299).

The number of farmer cooperatives in the United States declined between 1967 and 1969, but cooperative membership increased during that period. A survey by the Farmer Cooperative Service in 1967-68 identified 7,940 marketing, farm supply, and related services cooperatives in the United States. A similar survey in 1968-69 identified 7,747 cooperatives. During the period covered, membership increased from 6,363,555 in 1967-68 to 6,445,410 in 1968-69. Much of the decrease in the number of
cooperatives was caused by a continuing reorganization trend involving merger, consolidation, and acquisition (FCS, 1970:1).

Iowa ranks second in terms of the number of farmer cooperatives in the United States. The only state with more farmer cooperatives than Iowa is Minnesota. Minnesota had 950 cooperatives in 1968-69, whereas Iowa had 486 cooperatives during the same year. In terms of membership, there were an estimated 559,465 in Minnesota and an estimated 429,890 in Iowa (FCS, 1970:7). The number of organizations given here represent those with headquarters in the two states. Most of these are local cooperatives rather than regional or national cooperatives. According to the 1968-69 survey by the Farmer Cooperative Service (FCS, 1970:3), 91 percent of the cooperatives were local cooperatives accounting for 65 percent of the membership, whereas regional cooperatives accounted for 9 percent of the organizations and 35 percent of the membership.

The general characteristics of the type of farmer cooperatives in Iowa are given in Table 2.1.
Table 2.1. Number of Marketing, Farm Supply, and Related Service Cooperatives, and Their Estimated Membership in Iowa, 1968-69

<table>
<thead>
<tr>
<th>Type of Cooperatives with headquarters in state</th>
<th>No. with headquarters in state</th>
<th>Membership</th>
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<tbody>
<tr>
<td>Miscellaneous marketing</td>
<td>1</td>
<td>580</td>
</tr>
<tr>
<td>Fruit and vegetable</td>
<td>2</td>
<td>350</td>
</tr>
<tr>
<td>Poultry and poultry products</td>
<td>4</td>
<td>3,745</td>
</tr>
<tr>
<td>Livestock</td>
<td>18</td>
<td>56,095</td>
</tr>
<tr>
<td>Dairy products</td>
<td>79</td>
<td>42,820</td>
</tr>
<tr>
<td>Sugar products</td>
<td>1</td>
<td>85</td>
</tr>
<tr>
<td>Grain</td>
<td>239</td>
<td>127,890</td>
</tr>
<tr>
<td>Farm supply</td>
<td>141</td>
<td>191,555</td>
</tr>
<tr>
<td>Related service</td>
<td>1</td>
<td>No individual membership</td>
</tr>
<tr>
<td>Wool and mohair</td>
<td>0</td>
<td>6,770</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>486</strong></td>
<td><strong>429,890</strong></td>
</tr>
</tbody>
</table>

^Source: Farmer Cooperative Service (1970: 4-8).

Goals of Farmer Cooperatives

As formal organizations farmer cooperatives are deliberately established to meet the economic needs of farmers. The organizations are called "cooperatives", because they are characterized by cooperation among farmers. Farmers join these organizations voluntary and cooperate in joint activities for the mutual betterment of each member. The Farmer Cooperative Service (PCS, 1965:6) states that "the chief aim of farmer cooperatives is to help their
members promote their own economic well-being by marketing farm products and obtaining needed supplies and services."

While the general aim of farmer cooperatives is the same, there are differences in the specific objectives of different kinds of cooperatives. Thus, an assessment of the effectiveness of one type of cooperative may not reveal orientations, means, or goals or activities identical with those of certain other types of cooperatives. Yet, there are certain characteristics shared by all farmer cooperatives.

Finally, the effective operation of farmer cooperatives in the attainment of their goals involves the coordinated activities of three groups of people: members, directors, and hired managers. The roles and responsibilities of each group are listed below.¹

Members. Members make some of the basic managerial decisions when they:

1. Adopt and amend by-laws and articles of incorporation.
2. Approve capital changes and additions of major facilities and services.
3. Elect and remove directors.

4. Require officers, directors, and employees to comply with provisions of the articles of incorporation and by-laws.
5. Participate in activities of the association and understand its limitations and possibilities.
6. Support the association with their patronage.
7. Help to finance their association.

**Directors.** The directors have the responsibility to:
1. Plan the operations of the cooperative.
2. Determine policy.
3. Select the manager.
4. Represent members' interest.
5. Raise funds.
7. Select banks.
8. Arrange for audits.
11. Evaluate results of operations.
12. Are legally responsible for the actions of the cooperative as a corporate body.
13. See that their association is efficient and remains competitive.
14. Maintain the cooperative status of the business enterprise.
15. Be loyal to the association they represent.
**Hired Management.** Hired management has a responsibility to:

1. Plan.
2. Assist in policy making.
3. Build member confidence and public understanding.
4. Execute policy.
5. Select, develop, and make the best use of personnel.
6. Manage the funds of the organization.
7. Maintain adequate operating records.
8. Build a strong organizational structure.
9. Supervise and control operations through proper decision-making.
CHAPTER 3.

THEORETICAL FRAMEWORK

Introduction

In this chapter an overview of literature and research related to organizational effectiveness will be presented. The purpose is to establish a sound conceptual framework which links the theoretical concepts with the real world problem being analyzed. The review of literature was undertaken to: (1) delineate more clearly the problems that impede empirical studies of organizational effectiveness, (2) acquire a broader theoretical and empirical perspective of effectiveness criteria, (3) prevent needless duplication of past research efforts, (4) avoid pitfalls other researchers have encountered, (5) determine existing models and approaches that may be used, (6) develop appropriate methods for the measurement of concepts and the analysis of data, (7) assist in the formulation of hypotheses to be tested, and (8) gain more insight into possible solutions to the problems stated in the last chapter.

Realizing the vast amount of literature with implications for the study of organizational effectiveness, no attempt will be made to summarize in detail the contents of all studies reviewed. Only those writings which appear to be sociologically
most relevant to the evaluation of effectiveness of farmer cooperatives will be referred to directly.

The phenomenon to be explained is organizational effectiveness in farmer cooperatives. Effectiveness will be defined in terms of both supportive and official goals. Supportive goals will be viewed as those nongain activities and orientations necessary for persistency in the attainment of predetermined ends.

What and Why of Theory

Theory is a fundamental requirement for any scientific research. It provides the researcher with a "road map" to guide his research effort. Theory is not independent of research, but it is complementary to research. Theory contributes to research, and research contributes to the building of theory and the verification of existing theories. This fact is recognized by Merton (1957), Blau and Scott (1962), Zetterberg (1963), and others.

According to Blau and Scott (1962:8-9):

The objective of all scientific endeavor is to develop a body of substantive theory, that is, a set of interrelated verifiable generalizations that account for and predict the empirical phenomena that can be observed.

For Blau and Scott, theory is both a starting point and an end product of research. The theoretical framework guides scientific research and suggests fruitful lines of empirical investigation.

There are many definitions of theory. Theory means different things to different persons. Much of the present difficulty with
theory stems from the tendency to equate theories with taxonomies and models. Theories, models, and taxonomies are conceptual frameworks; but they do not mean the same thing. Sjoberg (1965:1) says "such terms as 'theory,' 'theoretical sketch,' and 'model' are on occasion employed synonymously, on other occasions with different shades of meaning." Even when the term "theory" is used, there is often a tendency for it to be defined in a vague or ambiguous manner. Concepts, propositions, and taxonomies are the building blocks of theory; but the concepts are not always clearly defined.

Sjoberg (1965:3) defines theory as a "logically interrelated set of 'propositions' or 'statements' that are empirically meaningful, as well as to the assumptions that the scientists makes about his method and his data." Zetterberg (1965:22) defines theory as "systematically organized, lawlike propositions about society that can be supported by evidence." Merton (1967:39) defines theory as "logically interconnected sets of propositions from which empirical uniformities can be derived." March and Simon (1958:6) state, "Propositions about organizations are statements about human behavior." In this dissertation, theory is defined as a set of systematically organized, interrelated propositions that explain and predict social phenomena. Again, the phenomenon to be explained is organizational effectiveness.

As stated previously, the theoretical framework of this dissertation is grounded in structural functionalism. Structural
functionalism facilitates the linkage between related aspects of Etzioni's theory of compliance and Parsons (1956c) functional imperatives of social systems. Etzioni (1964:18) asserts that "a well-developed organizational theory will include statements on the functional requirements various organizational types must meet." Parsons' model takes into account subsystems within a particular social system as well as linkage with other relevant social systems.

Selznick (1948) identified several features of structural-functionalism that contribute to the conceptual analysis of formal organizations. His conceptualization recognizes both rational and nonrational aspects of formal organizations. Unlike Weber's ideal type bureaucracy, Selznick (1948:27) gives more consideration to the unofficial norms of formal structures. Certain deviations from the official norms in formal organizations often take on the characteristics of "unwritten laws", and they may even become institutionalized. Similar observations have been made by Homans (1950), Blau (1968), and others.

The social system approach provided by structural-functionalism allows the researcher to focus attention on organizations as structures as well as on recurring processes within organizations. All social systems, including formal organizations, have some discernible structure (Parsons, 1960:19). Structural-functionalism also directs attention to various subunits which are best perceived as subsystems, and they generally have
the same functional requirements as the larger system of which they are a part. For example, the national economy is a subsystem of society; the Iowa Farmers' Cooperative is a subsystem of the Iowa farmer cooperatives; and there are different operational and managerial levels, boards of directors, and patron members that form subsystems within the local cooperative.

Structural-functionalism introduces the concept of commitment or involvement as fundamental to organizational analysis. It is argued that when commitment is high, actors are more inclined to remain with the system, whether they are satisfied or not; when it is low, they are likely to leave the system, regardless of the degree to which they express satisfaction. Broadly, the notion of commitment is a dimension of Parsons' concept of latency. However, Parsons does not devote systematic attention to the problem of latency. He is more concerned with goal attainment and adaptation. His primary concern is with tasks instrumental to the relation of the system to the external environment (Mouzelis, 1969:150).

Similar to Parsons and Homans, Selznick (1948:29) asserts that, "it is a postulate of the structural-functional approach that the basic need of all empirical systems is the maintenance of the integrity and continuity of the system itself." For Selznick (1948:29-30), there are five generic needs essential to the maintenance of social systems. They are:

1. The security of the organization as a whole in relation to social forces in its environment.
2. The stability of the lines of authority and communication.

3. The stability of informal relations within the organization.

4. The continuity of policy and the sources of its determination, and

5. A homogeneity of outlook with respect to the meaning and role of the organization.

Selznick (1948:30) says these needs (functional requirements) are necessary for the survival or maintenance of an organization. This framework is quite similar to Parsons' (1956c) AGIL scheme which includes adaptation, goal attainment, integration, and latency.

In addition to directing attention to structure and relationships between subunits, structural-functional theory directs attention to the major social processes essential to the performance of specific tasks. An illustration of this is found in the works of Loomis and Loomis (1961:15-16). They refer to communication, boundary maintenance, systemic linkage, institutionalization, socialization, and social control as "Comprehensive or Master Processes." They state these processes occur in all social systems and are major factors in the functioning of systems. They define the six processes in the following manner (Loomis and Loomis, 1961:15-16):

Communication - the process by which information, decisions, and directives pass through the system and by
which knowledge is transmitted and sentiment is formed or modified.

Boundary maintenance - the process by which the solidarity, identity, and interaction pattern within the system is preserved.

Systemic linkage - the process by which the elements of at least two social systems come to be articulated so that in some ways and on some occasions they may be viewed as a single system.

Institutionalization - the process by which human behavior is made predictable and patterned; and the elements of structure and function are given to the system.

Socialization - the process whereby the social and cultural heritage is transmitted.

Social control - the process by which deviancy is counteracted.

They argue that the extent to which these processes are carried on within a particular system has a decisive influence upon the effectiveness of that system. Thus, it appears that structural-functionalism provides a logically sound base upon which to formulate a conceptual framework of organizational theory.

Organizational Theory

Etzioni (1960:270) says:

Well-developed organizational theory will include statements on functional requirements various organizational types have to meet.
These will guide the researcher who is constructing a system model for the study of a specific organization. But it should be pointed out that in the present state of organizational theory, such a model is often not available. At present, organizational theory is dealing mainly with general propositions which apply equally well but also equally bad to all organizations. The differences among various organizational types are great; therefore any theory of organizations in general must be highly abstract.

Etzioni appears to be appealing for the use of organizational theory which is applicable to the investigation of any type of organization. Parsons (1956a-b) claims to have developed one such theory of formal organizations. It is perhaps the most all-encompassing theory of formal organizations to date. Parsons specifies four major problems that must be solved by all organizations if they are to persist in the attainment of their official goals. These problems are (1) adaptation, (2) goal attainment, (3) integration, and (4) latency. Parsons (1960:164) maintains these are essential factors to consider in the analysis of any social system. Collectively, they are frequently referred to as the "functional imperatives", "functional requisites", or "functional prerequisites" of social systems. Also, they form what is know as the "AGIL" model.

Landsberger (1961:248) stated Parsons' analyses of, and insights into, specific problems fit quite well into the four categories while at the same time being congruent with the formulations of some of the most advanced writers in the field.
Two prominent writers in the area of formal organizations, Blau and Scott (1962) also suggest that Parsons' theoretical framework focusing on functional imperatives is of sufficient generality to be applicable to all social systems. They consider each formal organization to be a social system in its own right that possesses its own set of subsystems concerned with the solution to the four basic problems recognized by Parsons. Blau and Scott (1962:38-39) point out both advantages and limitations of Parsons' theory when they state:

Parsons' analysis of formal organizations is of special interest because it involves the application of the general theory of social systems he has developed to the investigation of this particular institution. A criticism that has been leveled against Parsons' work is that his extremely abstract conceptions yield a theoretical scheme devoid of a system of propositions from which specific hypotheses can be derived; in short, that he has only developed a theoretical framework and not a substantive theory.

Parsons is aware of the high level of generality of his theory. Although he has attempted to suggest some theoretical propositions implied in his theoretical scheme, the propositions themselves are formulated at a comparatively high level of abstraction. This has led many to take the view that it is difficult to subject Parsons' theory to empirical verification. Zetterberg (1965) refers to propositions such as Parsons' as high order propositions. According to Blau and Scott, Parsons' recently formulated propositions are on such high level of
abstraction that it is not clear whether empirically testable hypotheses can be derived from them, an essential requirement in scientific theory (Blau and Scott, 1962:40). However, Zetterberg (1965: 79-82) suggests that in generating general hypotheses researchers move from the theoretical to the ordinary level of conceptualization. Thus, Parsons' provides a possible starting point, even though he does not purport to develop a theory of formal organizations (Parsons, 1960:96). His aim is to develop a general theory of society applicable to the study of any social system.

Most past writers who have followed Parsons' model have focused on the concepts of goal attainment and adaptation. Less attention has been given to integration and latency. One example of studies focusing on adaptation is found in the writings of Gouldner and Gouldner (1963:394). Another example is explicit in George C. Homans' The Human Group, especially the analysis of how production was hit by lower participants in the bank wiring room and patterns of adaptation to the physical, technical, and social environment (Homans, 1950: 88-90). The concern with goal attainment is explicit in the works of those who follow Max Weber's ideal model of bureaucracy.

Parsons' concept of integration is not clear. A problem arises over the distinction between inter and intra-integration.
Most writers interpret the concept to mean integration within a particular system or subsystem. Bernard Phillips (1969:119) says "in examining the integration of an organization we attempt to assess how well the various parts—for example, the horizontally and vertically differentiated roles—work together toward the achievement of organizational values." Whereas goal attainment and adaptation deal with linkages and relationships outside an organization, integration and latency deal with matters within an organization (Dobriner, 1969:111). In terms of the problem of integration, Landsberger (1961:231) says that Parsons statement that integration concerns "the mechanisms by which the organization is integrated with other organizations and other types of collectivity in the total social system" is wrong. He believes Parsons accidentally moves up one of the conceptual levels. Integration refers to the means by which organizations maintain control and stability according to Catton (1966:3). In this dissertation, the concept will be used to refer to those orientations, means, and activities that facilitate social control, solidarity, and stability within farmer cooperatives.

With integration, the focus of attention is inside the organization. Parsons (1956c) said both integration and latency are internal system functions, whereas goal attainment and adaptation are external functions.

Broom and Selznick (1968:194) developed a scheme with concepts similar to three of the four functional prerequisites in
Parsons' model. In it they maintained that every organization must:

1. Provide incentives to its members so as to win and sustain their participation (latency)\(^1\)

2. Set up an effective system of internal communication (integration and latency)

3. Exercise control so that the activities will be directed toward achieving the aims of the organization (integration)

4. Adapt itself to external conditions that may threaten the existence of the organization or its policies, that is maintain security (adaptation).

Although goal attainment is not implicit, Broom and Selznick come close to it in the third functional requirement.

Selznick speaks of the "generic needs" of organizations. In brief, he (1948:32) summarizes the major ideas in his organizational theory this way:

The frame of reference outlined here for the theory of organization may now be identified as involving the following major ideas:
(1) the concept of organizations as cooperative systems, adaptive social structures, made up of interacting individuals, sub-groups,

\(^1\)Terms in parentheses added.
and informal plus formal relationships; (2) structural-functional analysis, which relates variable aspects of organization (such as goals) to stable needs and self-defensive mechanisms; (3) the concept of recalcitrance as a quality of the tools of social action, involving a break in the continuum of adjustment and defining an environment of constraint, commitment, and tension.

The situation in which social action occurs is often overlooked by researchers. Yet, the situational approach in sociology has held longstanding recognition since the works of W. I. Thomas. In this dissertation, the situation is considered to be an important intervening factor in terms of the overall effectiveness of the organization. Also, it is assumed that Loomis' (1961) notions of size, time, and territoriality play an important part in terms of the survival of farmer cooperatives and attainment of cooperative goals. For instance, size may affect resources available (assets, employees, manager abilities, etc.). Territoriality may be related to the competitive situation (number of businesses, strength of competition, value orientations, etc.). Time is considered to be an important factor, especially in terms of long-range planning. These may be perceived as situational variables. As such, they warrant some attention in organizational research. The characteristics of a particular organization are influenced by the kind of situation in which it operates. Further, the situation includes the relations existing between an organization and other specialized subsystems of the larger system.
of which it is a part (Parsons, 1956a:67). An organization is always a subsystem of a more inclusive social system (Parsons, 1960:20).

Finally, there are many perspectives of organizations. Theories of organizations generally fall under two generic headings: (1) Those theories or models which include the organization as a whole, and (2) Those theories or models which consider only the basic internal elements of the overall unit (Litterer, 1965:147). Parsons feels that social scientists are just beginning to develop a theory of organizations. He says, "An immense amount of work will be required before we can have anything called a theory of formal organization" (Parsons, 1960:96).

In 1952, Simon noted some limitations of organizational theory. At that time, the study of organizations had hardly progressed to the point where a definitive list of the major areas of organizational research could be constructed. He (Simon, 1952:1132-1137) suggested that organizational research focus on:

1. The process of decision-making (Goal-attainment)\(^1\)

2. The phenomena of power in organizations (Integration)

\(^1\)Terms in parentheses added.
3. Rational and non-rational aspects of behavior in organizations (Adaptation, goal attainment, integration and latency)

4. The organizational environment and the social environment (Adaptation)

Concern with organizational effectiveness was not explicitly stated by Simon. Recognizing the different levels of social organization, he (1952:1130) did suggest that research on formal organizations concentrate on a level intermediate between primary groups and institutions. In contrast to primary groups, the objectives of formal organizations are usually more clearly defined and formally stated. Participation in primary groups are characteristic of Toennies' concept of Gemeinschaft, while formal organizations are characteristic of his concept of Gesellschaft. However, these concepts are not mutually exclusive. They are extreme ideal types similar to Max Weber's use of the term. Ideal types are not found in the real world. Therefore, it is impossible to find any formal organization in which all relationships follow Toennies' notion of Gesellschaft or Weber's notion of bureaucracy.

Blau and Scott (1962:9) say there is very little substantive theory in the field of formal organizations. For them (1962:9), "most theoretical analysis is on the level of developing a conceptual framework, combined with some speculation about substantive propositions." They (1962:27) cite Max Weber's
perceptions and theoretical analysis of bureaucracy as being the most important general statement on formal organizations.

Weber's analysis of formal organizations is part of his theory of authority. Blau and Scott (1962:36-38), point out that Simon's theoretical approach focuses on administrative organizations as decision-making structures, whereas Parsons presents a conception of formal organizations applicable to all social systems.

Following the conceptual framework suggested above, the farmer cooperatives are viewed as social systems oriented primarily toward the economic needs of individual farmers. Parsons (1951:5-6) states:

A social system consists of a plurality of individual actors interacting with each other in a situation which has at least a physical or environmental aspect, actors who are motivated in terms of a tendency to the 'optimization of gratification' and whose relations to their situation, including each other, is defined and mediated in terms of a system of culturally structured and shared symbols.

While all social systems have certain characteristics in common, they differ in certain respects depending on the type of goals pursued. Social systems also differ in terms of the hierarchical level at which they are viewed. For Parsons (1960:192) any social system other than a society is a subsystem of that society.

Social systems are made up of a plurality of actors. The actors may be viewed as collectivities or as "concrete groups or
organizations of persons in roles engaged in activities which have some sort of functional significance in the system of which they are a part" (Parsons, 1960:197). The activities engaged in are defined by the functions of the system itself. In Parsons' conceptual scheme, the functions may be technical or primary, administrative or managerial, institutional, or societal, depending upon the hierarchical level at which such activities are observed. Technical functions occur at the bottom of Parsons' four levels of organization.

In the assessment of organizational effectiveness, the researcher may encounter a problem in terms of the various functions observed. The term "function" is somewhat ambiguous. A systematic attempt in sociology to resolve this problem was made by Robert Merton (1957) who distinguished between manifest, latent, and dysfunctions. For Merton (1967:105):

Functions are those observed consequences which make for adaptation or adjustment of a given social system; and dysfunction, those observed consequences which lessen the adaptation or adjustment of the system... Manifest functions are those objective consequences contributing to the adjustment or adaptation of the system which are intended and recognized by participants in the system; Latent functions, correlative, being those which are neither intended nor recognized...

The social system approach provided by structural-functionalism allows the researcher to direct attention to organizations
as structures and upon recurring processes within the organization. In addition, structural-functionalism directs attention to various subunits within particular systems.

Formal Organizations

Formal organizations have existed since ancient times. Some of the great social achievements of the past (e.g., the building of defense walls around early cities, the early establishment of governments, the building of armies, etc.) required a formal division of labor based on the rationally planned and coordinated activities of organized groups of people. As societies have become more complex, there has been major increases in the number of human needs that can be satisfied most efficiently by formal group activities. The dependence upon formal organizations in modern societies is so great that they may be appropriately described as organization societies, because they could not exist without the presence of formal organizations.

Farmer cooperatives are of recent origin, but they meet all the essential criteria of formal organizations. As formal structures, local farmer cooperatives appear to have at least two distinct characteristics. They are small in size when compared with major industrial firms such as automobile manufacturers. Too, they are generally located in rural rather than urban areas. Yet, their general organization and functions are based on rational planning and coordination.
There is no single, all encompassing, definition of formal organizations. Different writers emphasize different aspects of these organizations. For example, Lundberg et al. (1963:371) refer to a formal organization as "a system of rules and objectives which officially prescribe and allocate tasks, privileges, and responsibilities thereby specifying how the activity of the group is to be carried on." Warren, Beal, and Bohlen (1967:70) say formal organizations are structured and organized to achieve specific goals. The emphasis on goals is also implicit in the works of other sociologists. For Litterer (1965:5), formal organizations differ from other patterns of social organization in that:

1. Organizational objectives are deliberately planned.
2. Activities are rationally coordinated.
3. Entry into the organization is selective, based on pre-established criteria, and
4. The organization and its subunits receive some kind of input from other systems which enable them to produce some kind of output.

Litterer (1965:135) states further that, "The difference between formal and informal organizations is then, in part, a matter of planning, explicitness, and observability." Merton (1957:195) says almost all activities of formal organizations
are functionally related to the goals of the organization. He sees the ideal type of formal organization as being synonymous with Weber's concept of bureaucracy.

The idea of rationally planned goals is inherent in most definitions of formal organizations. For example, Mouzelis (1969:4) defines a formal organization as "a form of social grouping which is established in a more or less deliberate or purposive manner for the attainment of a specific goal." Etzioni (1961:79) says formal organizations are social units oriented to the realization of specific goals, with goals being ends the organization hopes to realize. While rationally planned activities oriented to the achievement of specific goals are implicit in most definitions, not all activities of formal organizations are rationally planned. Not even the goals are always clearly defined. This is apparent in the writings of Blau and Scott (1962:5-6) who state:

The fact that an organization has been formally established, however, does not mean that all activities and interactions of its members conform strictly to the official blueprint... In every formal organization, there arises informal organizations. The constituent groups of the organization, like all groups, develop their own practices, values, norms, and social relations as their members live and work together.

Most formal organizations have some kind of blueprint or organizational chart, but these do not cover the entire organization.
Litterer (1965:17) points out that, "While organizational charts may be developed, they do not include all aspects of a given organization." They show only the planned aspects of formal organizations. Unplanned relationships, cliques, and activities are not included. Thus, the evaluation of the effectiveness of farmer cooperatives must take into account the unplanned activities and consequences of the organizations as well as those activities and goals which are deliberately planned.

Finally, Cris Argyris (1960:27-28) seems to come close to defining formal organizations as formal social systems when he says a formal organization is:

1. A plurality of parts
2. Maintaining themselves through their interrelatedness, and
3. Achieving specific objectives
4. While accomplishing 2 and 3 adapt to the external environment, thereby
5. Maintaining their interrelated state of the parts.

Since most definitions of formal organizations make some reference to the achievement of official goals, the following section points out some of the problems encountered when goals are used as criteria of effectiveness in empirical research.
Organizational Goals

Most, if not all, social behavior is goal oriented to some degree. But, goals create problems for empirical studies of organizational effectiveness. The term "goals" is ambiguous. The goals sought by formal organizations may not be explicitly defined so as to mean the same thing to all participants in the organization. Members at different levels may hold different perceptions of the real goals of the organization (Beal, et al., 1971). This is especially true in complex organizations with abstract goals.

Etzioni (1961:71) defines an organizational goal as a desired state of affairs which the organization attempts to realize. As suggested above, people within the organization interact in order to bring about the desired state of affairs, but individual members may have personal goals which differ from those of the collectivity as a whole.

McKinney (1966:183) defines goals as those changes which members or some segment of a social system expect to accomplish through appropriate action. This definition recognizes the distinction between the individual goals of members and the collective goals of the organization. The collective interest of organizations distinguish organizational goals from the private interests of individuals. For example, the goal of a local farmer cooperative may be to provide services that strengthen
the competitive ability of members, but the personal goals of individual members may be to meet the economic needs of their families. Thus, private goals refer to the future states of affairs sought by individuals within organizations. Like the goals of the organization, they are important and must be satisfied if a high degree of effectiveness is to be achieved. Price (1971:5) believes official goals are a good starting point, but "the evaluation of organizational effectiveness must be based on the achievement of operative rather than the official goals of the organization." Just as there is a distinction between collective goals and private goals, there is a difference between official goals and operative goals. In addition to Price, Perrow (1961:854) and Litterer (1965:136) make a distinction between official and operative goals. Official goals are publicly espoused, whereas operative goals are the ones actually pursued by the organization. Operative goals tend to be less idealistic. They are determined by the particular problems or tasks that must be emphasized at any given time (Perrow, 1961:854). Operative goals are determined by the actual activities that are carried on in organizations. Thus, Litterer, Perrow, and Price subscribe to the concept of multiple organizational goals. They suggest that it is almost inconceivable to think of a formal organization as having a single goal. Since most formal organizations have more than one goal, much confusion could be avoided if researchers
directed more attention to the ways in which the various goals differ.

The goals of organizations may not be of equal importance. Rather, a hierarchy may exist in which some goals receive high priority while others receive less attention by organizational participants. In some organizations, for example, "...maximization of long-run profits is more important than maximization of short-run profits, but both are subordinate to perpetuating the organization; in others, the reverse may be true (Litterer, 1965:139)." Thus, researchers who fail to consider the time span over which different types of goals are sought run the risk of overlooking crucial dimensions of effectiveness so far as officially espoused goals are concerned. The results could well be the reporting of erroneous conclusions about the effectiveness of the organization under investigation.

Gross (1969:278) maintains there is a lack of clarity concerning the meaning of organizational goals. His views are supported by many writers, as suggested previously. A vast amount of research and theoretical attention has been given to formal organizations in recent years, but surprisingly little attention has been given to the development of an unambiguous definition of the meaning of goals (Gross, 1969:278). Whereas Etzioni (1961:71) and Parsons (1951:205) define goals as future states of affairs sought by organizations, Gross (1969:278)
argues such definition does not specify whose goals are being sought. No distinction is made between collective versus individual goals or official versus operative goals.

Max Weber considered organizational goals to be known and fixed. He has been criticized for this assumption. The fact that the goals of formal organizations are deliberately planned does not mean every member of the organization is aware of them (Litterer, 1965:5f). Critics argue further that Weber's model does not distinguish between the different kinds of goals. The goals of an organization might change. Also, organizations may conceal or disguise the goals they actually pursue. Organizational leaders may or may not be aware of the discrepancy. Etzioni (1964:7) puts it this way:

There are at least two reasons why the head of an organization might maintain that the organization is seeking certain goals which in fact differ from the ones it actually pursues. In some instances the head may be unaware of the discrepancy; the true situation is hidden from him . . . . More commonly, organizational leaders quite consciously express goals which differ from those actually pursued because masking will serve the goals the organization actually pursues. Thus an organization whose real goal is to make profit might benefit if it can pass as an educational, non-profit organization.

Etzioni (1961:72) says some organizations are inclined to use publicly espoused goals as "fronts."

Thompson and McEwen (1958:23-50) and Parsons (1960:17-19) view goals in terms of system linkages. They see goals as some
type of output to a larger social system. In this sense, organizations are always subsystems of larger systems. The goals (outputs) of one system become the inputs of different systems. This perspective recognizes the linkage between organizations and the surrounding society. According to Gross (1969:279), "when goals are defined in this manner it becomes clear that those within organizations have only a limited amount of freedom to set the goals of the organization. They will be constrained by what outsiders can be persuaded to accept." He points out two limitations of this approach. First, there is a tendency to underestimate the influence of rational decision-making within the organization in choosing organizational goals. Second, and more serious, is the failure to consider the fact that organizations may have a great many outputs, both intended and unintended, which resemble the intended functions and consequences (Gross, 1969:279). The problem is how to identify and single out certain kinds of outputs as the goals of the organization. Thus, Gross (1969:279-280) argues that "to define an organization solely in terms of its goal and therefore to judge its effectiveness in terms of its degree of success in obtaining that goal is to doom the investigator to disappointment."

Relative to the dilemma posed by organizational goals, McKinney (1966:184) states that:
Frequently the expressed goals or objectives of a system are found by the observer to be far less important to the understanding of the operation of the system and the prediction of its behavior than certain latent functions; the latter may be of great significance in the actual motivation of the members but remain unspecified as goals and objectives by members.

Goals are widely used in studies of organizational effectiveness, but some argue that no organization can survive by spending all of its time and resources on the pursuit of official goals. Some of the time and resources must be allocated to nongoal activities of the organization. For instance, according to Gross, attention must be given to activities which make neither direct nor indirect contributions to the attainment of official goals (Gross, 1969:282). Goal attainment is not a spontaneous or automatic process. It depends on the planning and coordination of the activities of a plurality of actors.

Gross (1969:284) believes two things must be present before one can claim a goal is present. There must be evidence of both intentions and activities. Intentions refer to what the participants view the organization as trying to do; whereas activities refer to what persons in the organization are observed to be doing, how they are spending their time, and how resources are being allocated.

Parsons (1960:17) says the defining characteristic of an organization is "the primacy of orientation to the attainment
of a specific goal." This is what distinguished a formal organization from other types of social systems. He sees an organization as a social system which is purposively structured and restructured to seek specific goals. He (Parsons, 1960: 20-21) says:

Since it has been assumed that an organization is defined by the primacy of a type of goal, the focus of its value system must be the legitimation of this goal in terms of the functional significance of its attainment for the superordinate system, and secondly the legitimation of the primacy of this goal over other possible interests and values of the organization and its members .... For the business firm, money return is a primary measure and symbol of success and is thus part of the goal structure of the organization. But it cannot be the primary organization goal because profit-making is not by itself a function on behalf of the society as a system.

Profit has long been used in studies of the effectiveness of economic organizations. Obviously, profit is important to an economic organization in a capitalistic society, but Parsons (1960:21) implies that profit alone is a very limited criterion of effectiveness. For the purpose of this dissertation, no direct reference will be made to the amount of profit, because the concern is with overall effectiveness rather than the actual net profit of the organizations themselves. A basic assumption is that orientations, means, and ends are important, interrelated indices of total organizational effectiveness.
Ghorpade (1971:88) reflects the views of Parsons and Thompson and McEwen when he states that "viewed from the external frame of reference, organizational goals emerge as outputs provided by the organization for the system which contains it." For local farmer cooperatives, the more inclusive systems may be state, regional, national cooperatives, and the economy as a whole. Suggestive of the input-output concept of goals, Gross (1969:284) refers to the goals of organizations as output goals and support goals. The latter are often overlooked when official goals are used as sole criteria of effectiveness.

Key officials are more likely than lower participants to be familiar with the official goals of an organization. They are charged with the responsibility of making major decisions concerning goal achievement and the allocation of organization resources. In addition to focusing research on the official goals of organizations, Price (1971:16) suggests that the research focus should be on the decision-makers as well. Yuchtman and Seashore (1967:892) say key officials "provide the most valid source of information concerning organizational goals."

In this dissertation, the key decisionmakers are defined as the managers of local farmer cooperatives, even though they can be classified as lower participants compared to boards of directors. While it is recognized that in theory boards of directors set broad policy parameters, it is also recognized
by most cooperative leaders and researchers that managers have a strong influence on policy setting, policy interpretation, and certainly are in constant interaction with organizational goals. Methodologically, managers provided all of the data used in the present analysis.

Some writers (Perrow, 1970:135; Etzioni, 1961:72; and Parsons, 1960:45) use taxonomies that distinguish between different types of goals. For example, Etzioni (1961:72) develops a compliance taxonomy in which three types of organizational goals are classified according to the nature of the structure in which such goals predominate. A distinction is made between order, economic, and cultural goals. Order goals predominate in organizations or subunits where the purpose is to control deviants. Economic goals predominate in organizations that produce commodities and provide services to outsiders. Cultural goals predominate in organizations that seek to institutionalize conditions needed for the creation and preservation of symbolic objects, their application, and the creation or reinforcement of symbolic objects (Etzioni, 1961:73). Examples of the kinds of organizations in which such goals predominate are prisons, farmer cooperatives, and the American Legion, respectively. To some extent, however, each type of goal may be present in any one of the three types of organizations. This dissertation focuses on the farmer cooperative in which economic goals predominate.
While this dissertation focuses on the effectiveness of farmer cooperatives, the goals will be considered within Gross' (1969:284) framework of "output" and "support" goals. The output goals will be subsumed under Parsons' concept of goal attainment, while the support goals will be subsumed under his concepts of adaptation, integration, and latency. Collectively, these four concepts form the bases for the evaluation of effectiveness of the farmer cooperatives as conceptualized in this dissertation.

An earlier study by Bernard McCabe (1966) sheds some light upon the goals of Iowa farmer cooperatives. McCabe (1966:6) compiled a list of fifteen goals of farmer cooperatives by reviewing literature on cooperatives and holding discussions with cooperative managers and members of the boards of directors. The purposes of his study were (1966:51) to obtain information on the goals and objectives pursued by the different levels of management in local cooperatives, and to investigate the relationship between the goals and objectives pursued and the success of the cooperative. A total of twelve goals were included in the final study. McCabe (1966:6-8) lists and defines them in the following manner:

Goal 1. Increasing the area served by the cooperative

The goal is to take actions which lead to an increase in the area served by the cooperative.
Goal 2. **Maximizing the income of the members**

The goal is to operate the cooperative to enable the members to earn maximum income from their farming operations.

Goal 3. **Increasing the sales volume of the cooperative**

The goal is to increase the amount of business done by the cooperative as rapidly as possible as long as a satisfactory level of savings is achieved.

Goal 4. **To provide products and services at lowest prices**

The goal is to provide products and services to members at lowest prices consistent with practical business methods.

Goal 5. **To be a business leader in the area**

The goal is to obtain a strong competitive position in order to be able to influence the general price level in the area and be among the first in offering new products and services.

Goal 6. **To serve our members by providing a policing type of competition to other agribusiness firms**

The primary purpose of our cooperative is to give our members an alternative place to buy supplies and sell their products.

Goal 7. **To maintain the present policies and practices and avoid risks in the operation of the cooperatives**

The goal is to adhere to present tried and true policies and practices rather than risk changes which may lead to losses.

Goal 8. **Maximum operational efficiency of the cooperative**
The goal is to ensure that the day to day operations of the cooperative are carried out at the lowest possible cost per unit of merchandise handled.

Goal 9. **To build a good public image for the cooperative**

The goal is to prepare the cooperative and take part in community activities in such a way as to build a good name for the cooperative.

Goal 10. **To make a satisfactory net savings each year**

The goal is to make an annual net savings which is considered acceptable by the manager, board of directors and members.

Goal 11. **To expand and update the facilities of the cooperative**

The goal is to make decisions and take actions which lead to a steady expansion of the cooperative facilities.

Goal 12. **Maximum net savings of the cooperative**

The goal is to make decisions and take actions which are calculated to lead to the highest possible net savings of the cooperative, in accordance with good business practices.

McCabe's findings clearly suggest the multiple goal nature of farmer cooperatives. Theoretically, the twelve goals can be categorized according to the functional imperatives suggested by Parsons (1956c). Following this approach, goals 1, 5, 7, and 11 could be placed under adaptation; goals 2, 3, 4, 6, 8, 10, and 12 under goal attainment; and goal 9 under latency. Integration does not appear implicit in the goals identified by McCabe. In addition to categorizing the twelve goals according
to Parsons' AGIL scheme, it is logically possible to view them in terms of orientation, means, and ends. However, more will be said about these three concepts later in this dissertation.

**Typologies of Formal Organizations**

While all formal organizations have certain characteristics in common, they cannot be classified as being the same. In fact, one of the criticisms of Max Weber's rational approach to the study of bureaucracy is that it treats all organizations as if they were the same (Etzioni, 1961). An approach of that type yields some knowledge, but it is of limited use in conducting comparative studies of different types of organizations. With the marked diversity in formal organizations in modern society, it is highly important that research on organizational effectiveness take into account how various organizations differ. Etzioni (1961) and Parsons (1956a and 1956b) provide helpful conceptual frameworks for such research.

There are several classification schemes for formal organizations. Most of them seem to be centered around the types of goals pursued by the different types of organizations. Gross (1969:277) says it is the dominating presence of a goal which distinguishes one type of organization from another, as well as from other social systems. Parsons (1960:45) suggests that in addition to classifying organizations according to goals, the same classification can be used to classify different goal
types such as adaptive goals, implementive goals, and pattern-maintenance goals. Blau and Scott (1962:289) classify formal organizations into four categories based on the beneficiaries of organizational activities. These types are: (1) mutual benefit associations, where the prime beneficiary is the membership; (2) business concerns, where the owners are the prime beneficiary; (3) service organizations, where the client group is the prime beneficiary; and (4) commonweal organizations, where the prime beneficiary is the public-at-large.

Parsons' classification of organizations is suggestive of the four functional problems organizations must solve. He (1956b:228; 1960:45-46) discusses four general types of organizations, namely, (1) organizations oriented to economic production, (2) organizations oriented to political goals, (3) integrative organizations, and (4) pattern maintenance organizations.

Classifications of organizations show considerable variation. The various taxonomies are not mutually exclusive, for there is some overlapping within and between different classification schemes. For instance, the schemes developed by Blau and Scott (1962), Bennis (1966) and Parsons (1956) place all formal organizations in one of four categories, whereas Etzioni (1961) classifies all formal organizations into three categories. Bennis' classification of formal organizations is shown in Table 2.1.
Table 3.1. Bennis' Typology of Organizations

<table>
<thead>
<tr>
<th>Type of Organization</th>
<th>Major Function</th>
<th>Examples</th>
<th>Effectiveness Criterion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Habit</td>
<td>Replicating standard and uniform products</td>
<td>Highly mechanized factories, etc.</td>
<td>No. of products</td>
</tr>
<tr>
<td>Problem-solving</td>
<td>Creating new ideas</td>
<td>Research organizations; design and engineering divisions; consulting organizations, etc.</td>
<td>No. of ideas</td>
</tr>
<tr>
<td>Indoctrination</td>
<td>Changing peoples' habits, attitudes, intellect, behavior (physical and mental)</td>
<td>Universities, prisons, hospitals, etc.</td>
<td>No. of &quot;clients&quot;</td>
</tr>
<tr>
<td>Service</td>
<td>Distributing services either directly to consumer or to above types</td>
<td>Military, government, advertising, taxi companies, etc.</td>
<td>Extent of services performed</td>
</tr>
</tbody>
</table>


These effectiveness criteria are oversimplified. Obviously, organizations set up multiple criteria and have to coordinate them. The criteria specified here were selected for their accessibility to quantitative terms and their formal significance.
The immediate focus of this dissertation is on the organizational taxonomy developed by Etzioni. Etzioni classifies organizations into three categories, namely, (1) coercive, (2) utilitarian, and (3) normative. This is consistent with his classification of goals mentioned earlier in this study. Order goals are associated with coercive structures; economic goals are associated with utilitarian structures; and culture goals are associated with normative structures. Etzioni observed that different organizations employ different types of norms that define the means by which goals are to be achieved. Systems of rewards and punishment must be established. Coercive organizations use force as the major means of control over lower participants. Utilitarian organizations stress the use of renumeration. In utilitarian organizations, calculative or rational involvement characterizes the orientation of most lower participants (Etzioni, 1961:40). "Normative organizations are organizations in which normative power is the major source of control over most lower participants" (Etzioni, 1961:40). The orientation of lower participants to normative organizations is characterized by high commitment.

In his compliance taxonomy, Etzioni (1961:xi) presents a heuristic scheme that facilitates the analysis of different kinds of organizations. The basic underlying assumptions Etzioni makes are (1961:xv):
Organizations which differ in their compliance structure tend also to differ in the goals they pursue; in the kind, location, power, and interaction of their elites; in the level and kinds of consensus attained and in the communications and socialization employed to attain it; in recruitment, scope, and pervasiveness; and in the distribution and control of charismatic participants.

The primary unit of analysis in this dissertation, the local farmer cooperative, falls within Etzioni's definition of utilitarian organizations. For purpose of clarity, however, it will be referred to as an "economic organization" in this dissertation. The specific focus is on orientations and practices of managers at the operative level of local cooperatives.

Both managers and employees are defined as lower participants, because they occupy lower statuses than members of the board of directors. By specifying managers as key officials, with their explicit role responsibilities, it is possible to more directly assess the role of selectivity, socialization and communication referred to by Etzioni (1961).

Organizational Effectiveness

The concern with organizational effectiveness is widespread among students of formal organizations. Recently, a number of social scientists (e.g., Mulford et al., 1972; Bennis, 1966; Ghorpade, 1970; Georgopoulos and Tannenbaum, 1957; Price, 1968; and Friedlander and Pickle, 1968) have suggested the
need to explore more reliable and valid methods for the evaluation of the effectiveness of formal organizations. Findings from past research indicate there is much consensus among social scientists that the restriction of effectiveness criteria to the achievement of officially espoused goals fails to provide an accurate description of the effectiveness of formal organizations. Not only is there a tendency to overlook different types of goals, but there is also a tendency to overlook other factors essential to the achievement of goals. For most formal organizations, effectiveness is too complex to be treated as a unitary phenomenon (Friedlander and Pickle, 1968:292). The traditional approach to the evaluation of organizational effectiveness focused almost exclusively on the degree to which organizations accomplished their official goals, but recent findings show that emphasis on goal achievement alone is not sufficient. The effectiveness of organizations cannot be determined solely on the basis of such factors as the maximization of profit, the number of commodities produced, the number of clients served, sales volume, net earnings, or the quality and types of services provided. When such goal-oriented measures are used as exclusive criteria, something is lost from the researcher's view. The relevant non-goal variables tend to be grossly neglected (Likert, 1958:42-43). Bennis (1966:41) puts it this way:
The present ways of thinking about and measuring organizational effectiveness are seriously inadequate and often misleading . . . (The criteria used) are insensitive to the important needs of the organization and are out of joint with the emerging views of contemporary organization that are held by many organizational theorists and practitioners. The present techniques of evaluation provide static indicators of certain output characteristics . . . without illuminating the processes by which the organization searches for, adapts to, and solves its changing goals.

Bennis (1966:44) says the main challenge to formal organizations is that of being able to respond to and adapt to changing conditions and external stress. He sees three promising approaches, namely, (1) the criterion of multiple goals, (2) the criterion of the situation, and (3) the criterion of system characteristics. The first approach rests upon the assumption that organizations have multiple goals and that the interaction of goals will produce a different value framework in different organizations (Bennis, 1966:38). The second approach is based on the reasoning that organizations differ with respect to goals and that they can be analytically distinguished in terms of goal orientations (Bennis, 1966:39). The third approach is one of the most rigidly adhered to by contemporary social scientists. It is based on a structural-functional analysis of which the leading proponents are Talcott Parsons, Amitia Etzioni, and Philip Selznick. One of the advantages of the structural-functional approach is that it does not ignore motivational and other human behavior variables that are usually overlooked or ignored by traditional organizational theory.
Georgopoulos and Tannenbaum (1957:535) say "a distinguishing characteristic of nearly all variables which have been used as criteria of effectiveness is that, whether directly or indirectly, they tie in with organizational objectives." The problem is not the inclusion of goals among the criteria of effectiveness. Rather, it is the use of goals as exclusive criteria of effectiveness. Some attention must be given to goals, but other aspects of organizations should be considered as well.

The problems encountered in empirical studies of organizational effectiveness are legion. Gouldner and Gouldner (1963:349f) say the problems researchers are encountering are as complex as organizational effectiveness is important. When goals are considered, one of the problems is the identification and delineation of relevant goals. While goal identification and delineation is necessary, it is not sufficient for ascertaining with what efficiency and to what extent the various goals are achieved (McKinney, 1966:183). Another problem is the measurement of effectiveness. Organizational diversity precludes the use of a single or a few measurement devices. The measurement of effectiveness is a major concern of many writers (Etzioni, 1964; Price, 1971; Ghorpade, 1970; and others).

There are diverse meanings of organizational effectiveness. Georgopoulos and Tannenbaum (1957:535-536) define organizational
effectiveness as "the extent to which an organization as a
social system, given certain resources and means, fulfills its
objectives without placing undue strain upon its members."
Price (1968:2-3) and Etzioni (1964:8) define effectiveness in
terms of the degree of goal achievement. The central questions
of organizational effectiveness do not center on the extent to
which a given organization is devoted to its goals. Instead,
such questions center on the closeness to which resource allo­
cation approaches an optimum distribution under given conditions
(Etzioni, 1960:262). By placing the emphasis on the word "op­
timum", attention need no longer be restricted to the achieve­
ment of maximum satisfaction of any one activity, because the
aim becomes "a balanced distribution of resources among various
organizational needs (Etzioni, 1960:262). Similarly, Simon
(1957) suggests that attention should focus on the extent to
which an organization "satisfies" rather than "maximizes" such
ends as profit. Organizations may aim at a satisfactory _ate
of profit rather than the maximum possible. Thus, financial
statements alone could well be poor indicators of the effec­
tiveness of profit-making organizations.

Realizing the problems and limitations of using single
goals as the criterion of effectiveness, the writer subscribes
to the multiple goals approach. By viewing farmer cooperatives
as social systems, it is possible to include not only official
organizational goals, but supportive goals as well.
One of the basic assumptions underlying this dissertation is that cooperative productivity as measured by financial statements alone does not constitute a reliable base for determining effectiveness. Yet, some attention must be given to organizational productivity. Georgopoulos and Tannenbaum (1957:534) say, "With the exception of organizational productivity, however, practically all variables used as criteria of organizational effectiveness have been found inadequate and unsatisfactory." They suggest that such factors as morale, member satisfaction, employee turnover and absenteeism, and commitment to the organization are inadequate measures of effectiveness. Georgopoulos and Tannenbaum (1957:535) state further that past studies linking such factors as morale and job satisfaction with production as a measure of effectiveness have generally been inconsistent, not significant or difficult to evaluate and interpret. Although they see productivity as a reliable criterion, they suggest that net profit is a poor indicator of effectiveness because of unanticipated fluctuations in the external environment such as changes in the general economy, sales, and prices. However, they assert that definitions of organizational effectiveness take into consideration the objectives of the organization and the means through which they sustain themselves and meet their objectives (Georgopoulos and Tannenbaum, 1957:535). In essence, Georgopoulos and Tannenbaum subscribe to the multiple goals approach to organizational effectiveness. For them (1957:536),
the criteria of effectiveness should include "(1) organizational productivity, (2) organizational flexibility in the form of successful adjustment to internal organizational changes and successful adaptation to externally induced change; and (3) absence of intra-organizational strain, or tension, and of conflict between organizational subgroups." It is obvious, as noted by Mulford et al. (1972) that these criteria are quite consistent with Parsons' (1956c) AGIL scheme.

Friedlander and Pickle, (1968:293) say the criteria of effectiveness must take into account "the profitability of the organization, the degree to which it satisfies its members and the degree to which it is of value to the larger society of which it is a part." They also imply that some attention should be given to the ability of the organization to adapt to its environment, a major emphasis of the social system approach. Their model is also similar to Parsons (1956c).

Price (1968) also seems to subscribe to the multiple goal approach to organizational effectiveness. He (Price, 1968:5) says such factors as productivity, morale, conformity, adaptiveness, and institutionalization are positively and generally related to effectiveness; but "productivity is accepted as more closely related to effectiveness than morale, conformity, adaptiveness, and institutionalization. If, for example, an organization is characterized by a high degree of productivity and a low degree of morale, it is assumed that the organization has a high degree of effectiveness." Price uses effectiveness as the
dependent variable in his works. He gives two reasons for doing so, (Price, 1968:3): (1) Effectiveness is a classical problem in the study of organizations, and (2) Effectiveness has been highly researched. Furthermore, Price (1968:5) asserts that:

Ideally, a standardized measure of effectiveness should be developed and applied to all types of organizations. Only in this way is it possible to classify organizations on a continuum from high to low effectiveness. However, relatively few studies of organizations have dealt explicitly with effectiveness, and, even where the problem is explicitly treated, diverse measures of effectiveness have been used.

Elsewhere, Price (1971:4-6) suggests that empirical studies of organizational effectiveness focus on (1) decision-makers, (2) organizational goals, (3) operative goals, and (4) intentions and activities.

Yuchtman and Seashore (1967:902-903) maintain that studies of organizational effectiveness can be improved by (1) the replacement of the concept of a single goal by a concept which enhances the open-ended, multi-dimensional set of criteria, the use of more relevant indices for the comparison of organizations, (3) the provision of a conceptual basis for treating more realistically the variables that bear on effectiveness when case studies are made, and (4) the reassessment of and/or change in the meaning of some familiar variables. Official goals are not eliminated from consideration, but Yuchtman and Seashore call attention to factors
frequently overlooked in empirical studies of organizational effectiveness. They (Yuchtman and Seashore, 1967:891) say, "We are badly in need of an improved conceptual framework for the description and assessment to organizational effectiveness."

Finally, this dissertation explores the utility of the social system approach developed by Parsons (1956) in the assessment of the effectiveness of an economic organization. This model is used because of its generality and because it was developed prior to others. Effectiveness will be assessed from the standpoint of the size and direction of correlations between three selected social processes (selectivity, socialization, and communication) and the four functional imperatives of social systems (goal attainment, adaptation, integration, and latency).

Two Models of Organizational Effectiveness

The purpose of models in scientific research is to provide the researcher with a mental picture of the real world problem being investigated. Conceptual models in sociology are heuristic devices that guide the researcher. Seldom, if ever, does one find a conceptual model in the social sciences in which there is complete isomorphy with real world phenomena. However, models are helpful at three stages in the research process (Riley, 1963:15): (1) in selecting significant problems when gaps in the theory makes exploration necessary, (2) in selecting appropriate empirical methods for the research design; and (3) after obtaining findings, the interpretation of findings with reference to the model.
Two general models of organizational effectiveness are the goal model and the social system model. The goal model emphasizes the rational aspects of social behavior that lead to the achievement of official organizational goals. It encompasses the salient aspects of Max Weber's ideal type bureaucracy. Researchers who follow the goal model are inclined to view all organizations as being the same and to consider the goals as being fixed. The second, the social system, model depicts organizations as networks of interrelated and interdependent units that resemble living organizations. It brings together the theoretical concepts of structural-functionalism. One of the best illustrations is the AGIL model developed by Talcott Parsons. A third designated model, the system resource, defines organizational effectiveness only "in terms of the ability of the organization to exploit its environment in the acquisition of scarce and valued resources" (Price, 1971:2). According to Yuchtman and Seashore (1967:898), when the system resource model is used, effectiveness is based on the "bargaining position, as reflected in the ability of the organization, in either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources."

Today, the two most widely used models are the goal model and the social system model. Both models have characteristic advantages and limitations. Etzioni (1960:260) criticizes the goal
model as being too idealistic. When used in the evaluation of organizational effectiveness, it tends to make organizational performance look low in all organizations; because it compares the ideal with the real goals of the organization. The goal model focuses on the manifest, whereas the social system model focuses on the general properties and processes that characterize organizations. By focusing on the manifest, formal, and stated aspects of organizations, it often neglects the hidden, the implicit, and the latent potential of organizational phenomena (Ghorpade, 1970:33). Still another criticism is that the use of formal goals is of limited utility when one is confronted with organizations with multiple goals making incompatible demands upon their resources. The goal model also neglects alternative frames of reference. By placing too much emphasis on official goals, it neglects other vital aspects of the organization being studied. In spite of these criticisms, Ghorpade (1970:33) points out three advantages of the goal model over the social system model: (1) it focuses upon the rational, purposive aspect of organizations; (2) it is considered as a "value free" approach; and (3) it is simple.

The social system model focuses on factors that were long overlooked by traditional theory or ignored by researchers. It includes organizational goals, but it also illuminates other aspects of organizations as social systems. Consideration is given to the various subsystems that are integral parts of the
larger system being studied. At the same time, it allows re¬
searchers to recognize the functional requirements which orga­
nizations must meet if they are to survive and function effec­
tively within a given situation (Ghorpade, 1971:86). Weber's
model of bureaucracy does not cover all of the basic fundamental
requirements. Rather, it focuses heavily on the means for achiev­
ing goal attainment (Etzioni, 1960). The best illustration of the
functional requirements is found in the works of Talcott Parsons,
especially his reference to the four functional imperatives of
social systems -- adaptation, goal attainment, integration, and
latency. Still another characteristic of the social system model
is that it perceives organizations as receiving inputs from the
environment and, in return, delivering outputs to the environ­
ment (Litterer, 1965:149). Mulford et al. (1972) have successfully
used this model to evaluate local civil defense organizations.

Etzioni (1960:261) sees the social system model as an alter­
native to the formal goal model. While the goal model is some­
times used as a safeguard against bias, he believes it enhances
preference for the social system model is implied in this state­
ment:

The starting point for this approach is not
the goal itself but a working model of a social
unit which is capable of achieving a goal. Un­
like a goal, or a set of activities, it is a
model of a multifunctional unit. It is assumed
apriori that some means have to be devoted to
nongoal functions as service and custodial activities, including means employed for the maintenance of the unit itself.

The social system model has likewise been criticized for some of its shortcomings. One of the criticisms made is that researchers who follow it may encounter difficulty in specifying the organizational unit being investigated. Etzioni (1964:17) says the system model requires more time and is more expensive than the goal model when used in research. Ghorpade (1970:37) suggests that the problem of selecting the criteria of effectiveness may be another shortcoming of the social system model.

This discussion is not intended as an argument for the rejection of either model. Both models have influenced much research on organizational effectiveness (Ghorpade, 1970:37). Either model can be useful depending upon the real world problem being studied. Yuchtman and Seashore (1967:895) state, "In the study of persons in organizational settings, the concept of goal is useful and perhaps essential. In the study of organizational effectiveness, however, the goal approach has appeared as a hindrance rather than as a help." For Georgopoulos and Tannenbaum (1957:534), the goal model is of limited utility in comparative research.

Regardless of the conceptual model followed, the selection of effectiveness criteria is somewhat arbitrary. Ghorpade (1971: 88) implies that this is one of the factors that contribute to the many inconsistencies, value judgments, and overlaps found in
the literature on organizational effectiveness. A related problem is the operationalization of the multiple criteria for the measurement of effectiveness. Furthermore, there is the problem of hard versus soft criteria of evaluation. Seashore (1965:26-30) criticizes the use of hard criteria as being static and dependent upon other variables. Recently, theorists have begun to use criteria that reflect the overall viability of organizations, but researchers are still faced with many problems in trying to operationalize the criteria (Ghorpade, 1971:88).

In conclusion, this dissertation follows the social system model in evaluating the effectiveness of Iowa farmer cooperatives. The social system model is of a more recent origin than the goal model. The AGIL scheme developed by Parsons does not exclude official goals from consideration, and it allows some attention to be directed to derived goals. The social system model appears to have certain advantages over the goal model for the purpose of this dissertation. It focuses on goals as well as other essential aspects of organizations. In addition, it seems to be a more promising model to follow in comparative research.

Selected Empirical Studies of Organizational Effectiveness

Until recently, there was only a limited amount of empirical research on organizational effectiveness. As pointed out previously, most of the theoretical and empirical studies related to the subject were conducted during the 1960's. In order to
illustrate some of the advantages of the social system approach, this section discusses the focuses of selected empirical studies of organizational effectiveness that were conducted since World War II. The studies to be discussed are those which appear to be most related to the problems and conceptual framework in this dissertation. Therefore, attention will be given to the effectiveness criteria used, the models suggested, and the measurement of major concepts.

In 1952, Comrey, Pfiffner, and Beem reported findings from a study of factors influencing effectiveness in 18 United States Forests organizations in California. The objective of the survey was to determine some of the factors related to the effective functioning of the organizations. The data were obtained by use of mailed questionnaires, of which 90 percent were returned. The questionnaires included questions related to methods of supervision, administrative practices, and interpersonal relations. The organizations were ranked by consensus judgment of qualified personnel in the regional office with respect to how well each organization was accomplishing its objectives, making allowances for unfavorable conditions beyond the control of forest managements. Average dimension scores were analyzed statistically with relation to the rank-order criterion of forest effectiveness. The analysis showed that supervisors of the more highly rated forest organizations were:
1. more democratic with their top assistants, allowing them greater participation in running the organization.

2. more likely to interact socially with their top subordinates.

3. more likely to share information with their top subordinates.

4. more sympathetic in dealing with their top subordinates and their personal problems.

5. less critical of top subordinates and their work.

6. more critical of certain high administrative policies.

7. more willing and able to help top subordinates in their work.

8. lower on longevity factors.

In addition, the supervisors of the more highly rated forest organizations were less aloof, younger, and newer at the business of forest administration.

An item analysis was made of the items in each questionnaire using the upper nine versus the lower nine forests. The results were not statistically significant. Average mean scores were also computed for each organization, and the organizations were grouped into high, medium, and low categories. The researchers (1952:317)
report, "The differences between these means were compared to the variability of forest-dimension scores with the three groups by means of the epsilon technique . . . . (The Epsilon coefficients were not significant for items in the district ranger questionnaire, firm B, the two field service, and the clerical questionnaires, but they were significant for items in the forest supervisor, top line-staff, and technical questionnaire)."

Comrey et al. (1952:309) avoided the dilemma of inconsistent evaluation criteria by defining organizational effectiveness as the enumeration of steps taken to obtain the numerical ratings employed. While goals are implied, the researchers did not limit their criteria to the attainment of official goals.

Mahoney (1967) reported findings from a study of the effectiveness of 283 subordinate organizations in 13 companies. He used 114 characteristics considered to be adequate criteria of effectiveness. The organizations studied ranged in size from 175 to over 10,000 employees. The managers in these organizations were given questionnaires to complete. Each manager was asked to apply his own concept of organizational effectiveness. Measures of effectiveness were obtained by use of a nine-point scale. Factor analysis of the data resulted in a structure of eighteen factors accounting for 65 percent of the variance in the 114 variable descriptions of the organizations. The original 114 variables were reduced to 24 basic dimensions of effectiveness.

Mahoney believes that top officials are the best sources for the identification and assessment of organizational goals. By
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Mahoney believes that top officials are the best sources for the identification and assessment of organizational goals. By
allowing managers to define goals and effectiveness criteria themselves, he feels that the bias effect of outside observers is reduced. In his own words, Mahoney (1967:77) states:

Most discussions of organizational effectiveness in the literature tend to be normative; they suggest criteria which are prescribed by outside observers. These criteria may or may not be related to goals actually sought by business organizations. Business managers' judgments about organizational effectiveness presumably reflect their beliefs about variables related to the achievement of organizational goals.

Mahoney's observations are similar to those made by Price (1971) and Yuchtman and Seashore (1967). All imply that key organizational personnel are the most valid sources of information concerning organizational goals. They feel this is so because key officials are more likely to have a mental image of the extent to which the organization approximates the ideal goal(s). Key officials make the major decisions and allocate most of the resources of the organization, so they should be able to provide firsthand information about how the organization seems to be doing.

Similar to Litterer (1965:139), Mahoney (1967:83) suggests that a distinction be made between short- and long-run goals. Since long-run goals are typically the ultimate goals of the organization, it is impossible to assess their effectiveness in the short run. To avoid this problem, Mahoney recommends the use of mid-range criteria. These mid-range criteria may be conceptualized on the basis of their relationships with ultimate achievements.
Actually, Mahoney lists three orders of criteria for distinguishing between short- and long-run goals. First-order criteria include productivity and output indicative of goal achievement and essential to the achievement of ultimate goals; second-order criteria include such things as reliability of performance and initiative considered necessary to achieve first-order criteria; and third-order criteria include such factors as supervisory style and employee attitude. Third-order criteria are further removed from ultimate goal achievement, yet they are viewed as contributing to higher-order criteria (Mahoney, 1967:83). Mahoney says:

Managers view efficient performance as a first-order criterion, the dimension of organizational effectiveness which most closely approximates the achievement of ultimate goals. Mutual support and utilization of personnel within the organization are viewed as second-order criteria which are so closely related to performance that they are considered equivalently in judging effectiveness.

Consistent with the hierarchical model of effectiveness, Mahoney's study implies that managers assign different degrees of importance to effectiveness criteria identified. Goals receive a considerable amount of attention, but they do not receive exclusive attention.

Mahoney's findings show how the numerous criteria referred to in the literature on organizational effectiveness can be reduced to a smaller number of basic dimensions. The original 114 variables he identified were reduced to the following 24 dimensions of
effectiveness.¹

1. Flexibility - Willingly tries out new ideas and suggestions ready to tackle unusual problems (Adaptation)

2. Development - Personnel participate in training and development activities, high level of personal competence and skill (Socialization)

3. Cohesion - Lack of complaints and grievances, conflict among cliques within the organization (Integration)

4. Democratic supervision - (Integration)

5. Reliability - Meets objectives without necessity of follow-up and checking (Goal attainment/Integration)

6. Selectivity - Doesn't accept marginal employees unloaded by other organizations (Selectivity)

7. Diversity - Wide range of job responsibilities and personnel abilities within the organization (Integration)

8. Delegation - High degree of delegation by supervisors (Integration)

9. Bargaining - Rarely bargains with other organizations for favors and cooperation (Adaptation)

10. Results emphasis - Results, output, and performance emphasized, not procedures (Goal attainment)

11. Staffing - Personnel flexibility among assignments development for promotion from within the organization (Integration)

12. Coordination - Coordinates and schedules activities with other organizations, utilizes staff assistance (Integration)

¹Terms in parentheses added.
13. Decentralization - Work and procedural decisions are delegated to lowest levels (Integration)

14. Understanding - Organization, philosophy, policy, directives understood and accepted by all (Latency)

15. Conflict - Little conflict with other organizations about authority, failure to meet responsibilities (Adaptation)

16. Personnel planning - performance is not disrupted by personnel absences, turnover, lost time (Integration)

17. Supervisory backing - Supervisors back up their subordinates (Latency)

18. Planning - Operations are planned and scheduled to avoid lost time, little time spent on minor crises and "putting out fires" (Integration)

19. Cooperation - Operations are scheduled and coordinated with other organizations, rarely fails to meet responsibilities (Adaptation)

20. Performance - Support-Utilization-Efficient performance, mutual support and respect of supervisors and subordinates, utilization of personnel skills and abilities (Goal attainment/Integration)

21. Communication - Work information and communications flow freely within the organization (Communication)

22. Turnover - Little turnover from inability to do the job (Integration)

23. Initiation - Initiates improvements in work methods and operations (Adaptation)

24. Supervisory control - Supervisors are on top of things, know how performance is progressing (Goal attainment)
The terms in parentheses show how the 24 dimensions of Mahoney's study can be reduced further by subsuming them under the four functional imperatives of social systems. Most of the basic dimensions refer to the problem of integration; and two, selectivity and communication, are used as independent concepts in this dissertation.

In a third study, Friedlander and Pickle (1968) reported findings from a sample of 97 small business organizations. The purpose of their study was "to explore the concept of total organizational effectiveness by examining relationships between internal and external systems of effectiveness (1968:293). Effectiveness was defined as "the degree to which the needs of components were fulfilled (or satisfied) in their transactions with the organization." The research focus was on the degree of interdependence in the satisfaction of components. Small organizations were selected so the relationships existing among components could be more adequately explored. Each of the organizations had only one level of management, which is similar to the unit of analysis in the present study.

The final sample consisted of fifty-four retail establishments, twenty-six service establishments, eight wholesale establishments, six manufacturers, and three extraction firms (Friedlander and Pickle, 1968:294-295).
The specific research focus was on five societal components believed essential for organizational survival. Suggestive of the input-output perspective of social systems, these components were (1) the community, (2) government, (3) customers, (4) suppliers, and (5) creditors. Five types of employee fulfillment were measured within each organization, namely, (1) satisfaction with working conditions, (2) satisfaction with financial reward, (3) confidence in management, (4) opinion about immediate supervision, and (5) satisfaction with self-development. Each of these criteria has definite implications for the evaluation of farmer cooperatives in this dissertation.

Friedlander and Pickle used questionnaires and interviews to obtain data for the measurement of each of the five societal components mentioned above. Correlation coefficients were computed to determine the relationship between variables, but findings tended to be inconsistent. The relationships among the external components of the organizational system failed to show a definite pattern. Only five of the fifteen relationships tested were statistically significant. Customer satisfaction was correlated positively with supplier and owner fulfillment. As predicted, a negative relationship was found between government and customer.

While not neglecting goals, Friedlander and Pickle (1968: 301) warn of the adverse effects of placing too much emphasis on
goals. Also, they suggest that some consideration should be given to differences in the sizes of organizations. They believe larger organizations are in a better position to meet their objectives than smaller organizations.

Finally, Friedlander and Pickle tried to avoid the problems encountered when one uses satisfaction versus productivity as the means of evaluating organizational effectiveness. Rather than speak of productivity, they defined organizational effectiveness as the extent to which all forms of energetic return to the organization are maximized (1968:302).

In a fourth empirical study, Georgopoulos and Tannenbaum (1957:537-538) used productivity, flexibility, and intra-organizational strain as measures of effectiveness in a delivery service organization. Questionnaires were used to obtain responses from both supervisory and nonsupervisory personnel. Thirty-two stations were selected for study. Plant managers, assistant managers, division managers, and others presumed to have firsthand knowledge of the stations served as raters. Effectiveness scores were obtained from different raters who assigned scores ranging from 1.0 for the highest possible indication of effectiveness to 5.0 for the lowest possible indication of effectiveness. The researchers found rank order correlations among criterion variables and organizational effectiveness to be statistically significant to the .05 level or better. Analysis of variance was used to further assess the productivity criterion. Between station variance was found to be far
greater than within station variance. An F-ratio of 5.82 was statistically significant at the .001 level (1957:540).

Research findings confirmed Georgopoulos and Tannenbaum's initial expectation that the productivity criterion measure represents an organizational rather than an individual level phenomenon. They believed, however, that results might vary from one station to another. Consequently, they tested this possibility by performing similar analyses of variances for each of four company plants represented in a sample of twenty-seven stations. In each case, the between stations variance on productivity was significantly greater than the within station variance.

In another empirical study, Mulford et al. (1972) reported findings from an investigation of the effectiveness of normative organizations. The data analyzed were obtained from an earlier study of local Civil Defense organizations. The conceptual framework followed in the evaluation of effectiveness was provided by Etzioni's compliance theory and Parsons' functional prerequisites of social systems. Three concepts -- recruitment selectivity, socialization, and communication -- were taken from Etzioni's works; and four concepts -- goal attainment, adaptation, integration, and latency -- were drawn from Parsons' works to form the criteria of effectiveness. Statistical correlations and regression coefficients were used in the analysis of the data. Multiple correlations were computed to show the relationship between the independent and dependent variables, and the multiple $R^2$ values
were statistically significant for each at the .01 level (Mulford et al., 1972:15).

The foregoing discussion of past empirical studies of organizational effectiveness illustrated various criteria, approaches, and methods used to measure effectiveness. The two studies which most closely parallel the approach followed in this dissertation are the ones by Georgopoulos and Tannenbaum (1957) and Mulford et al. (1972). However, some indication of the utility of the social system approach in the assessment of effectiveness is implicit in each of the studies discussed. In addition to the selected studies discussed here, the writer will refer to other relevant studies later in this chapter.

Orientations, Means, and Ends

As stated previously, Iowa farmer cooperatives comprise the empirical referent for the dissertation research. In view of the problematic, objectives, theoretical framework, and review of findings from previous empirical studies, organizational effectiveness will be defined as the relationships between three independent and four dependent concepts. The independent concepts are recruitment selectivity, socialization, and communication; and the dependent concepts are adaptation, goal attainment, integration, and latency. The independent concepts are taken from Etzioni's (1961) compliance theory, while the dependent concepts are borrowed from Parsons (1956c).
A unique characteristic of this dissertation is the inclusion of three particular concepts assumed to be positively related to effectiveness. These concepts are orientations, means, and ends (goals). Each of these concepts is present in each of the four dimensions of effectiveness, as will be illustrated in this section. To some degree each is explicit among the independent concepts. Orientations, means, and ends are also implicit in several of the studies mentioned previously in this dissertation. For example, orientations are clearly indicated in the five types of employee fulfillment mentioned by Friedlander and Pickle (1968:294-295).

The term "orientations" refers to attitudes cooperative managers hold toward themselves, other cooperative participants, and any situation or condition affecting the operation of farmer cooperatives. Sociologists generally agree that people are inclined to act on the basis of the perceptions they have of themselves and others with whom they share membership in groups. Litterer (1965:59) says, "Perceptions are of extreme importance to understanding organizational behavior, for people act on the basis of what they think they see or understand." Thus, it is logical to assume that the attitudes of cooperative managers will be related to the ability of the organizations to solve the problems of adaptation, goal attainment, integration, and latency.

Both Etzioni (1961) and Parsons (1951) speak of orientation...
in their works. Etzioni (1961:4) says, "The orientation of the subordinated actor can be characterized as positive (commitment) or negative (alienation). . . . We refer to this orientation as involvement in the organization." Elsewhere Etzioni (1961:141) refers to socialization as the process by which orientations are acquired. He borrows Parsons' (1951:205) definition that "Socialization refers to the acquisition of requisite orientations for satisfactory functioning in a role." Etzioni (1961:137) says communication is "a symbolic process by which the orientations of lower participants to the organization are reinforced or changed."

Means and ends are closely associated with the traditional, or rational, approach to the evaluation of organizational effectiveness. In farmer cooperatives, as in all formal organizations, the ends are usually stated and the means for achieving them are consciously planned (Litterer, 1965:5). The relationship of means to effectiveness is implicit in Mahoney's (1967) list of effectiveness criteria. In brief, means and ends receive considerable attention in works based on Weber's (1947) model of bureaucracy. Inasmuch as the criteria of effectiveness in this dissertation are based on Parsons' AGIL scheme, Table 3. below and the explanations that follow attempt to bring the relationships of orientations, means, and ends to effectiveness into clearer focus. Each of the four cells is affected by orientations, means, and ends.
### Table 3.2. Orientations, Means, Ends and Organizational Effectiveness

<table>
<thead>
<tr>
<th>Adaptation</th>
<th>Goal Attainment</th>
</tr>
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<tbody>
<tr>
<td>Orientations towards adaptation</td>
<td>Orientations towards goals</td>
</tr>
<tr>
<td>Means for achieving adaptation</td>
<td>Means for achieving goals</td>
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<tr>
<td>Ends accomplished</td>
<td>Ends accomplished</td>
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<table>
<thead>
<tr>
<th>Integration</th>
<th>Latency</th>
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</thead>
<tbody>
<tr>
<td>Orientations towards integration</td>
<td>Orientations towards latency</td>
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<tr>
<td>Means for achieving integration</td>
<td>Means for achieving latency</td>
</tr>
<tr>
<td>Ends accomplished</td>
<td>Ends accomplished</td>
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</table>

In terms of **adaptation**, farmer cooperatives have long been faced with the necessity of having to adapt to both their physical and social environments. The physical environment consists of such external conditions as extreme variations in climatic conditions (e.g., unusual amounts of rainfall, drought, etc.), and the social environment consists of such factors as major changes in economic conditions. The ability of farmer cooperatives to successfully adapt to environmental conditions is contingent upon several factors, including the following: the orientations of participants, the procurement and allocation of human and nonhuman resources, the ability to compete with similar businesses in the trade area, and changes in membership.

Basically, **goal attainment** refers to the economic needs farmer cooperatives meet for their member-patrons. Satisfactory
goal attainment requires an organizational structure in which participants are given adequate means for achieving the officially stated goals of the organization, as well as other non-goal activities. This entails a system of socialization which provides participants with the skills, values, knowledge, and orientations necessary for satisfactory role performance, commitment to the organization, and integration. The influence of orientations on goal attainment may be seen in the orientations of cooperative managers toward profit or service. It is highly likely that managers who are profit-oriented will devote more time and resources to activities geared toward the maximization of profit than to providing services to member-patrons. Profit and service are not the only possible goals in farmer cooperatives. For example, such ends as achieving participant satisfaction and the ability to make and implement major decisions are also possible ends.

Integration refers to what happens inside the cooperative to maintain solidarity, social control, and stability. Logically, the orientations of cooperative managers can have a major effect on the extent to which the problem of integration is solved. Managers who are highly traditional and individualistic may be less democratic than managers who are highly rational and altruistic. Thus, orientations appear related to integration. As for means and ends of integration in farmer cooperatives, examples include such
factors as the general organization of the cooperative and low rates of employee turnover, respectively.

Finally, latency can also be evaluated in terms of orientations, means, and ends. The attitudes (orientations) of managers and other key officials have a major influence on the commitment of lower participants to the cooperative. The means of solving the latency problem includes the use of incentive plans, sick leave policies, fringe benefits, and the like. The ends of latency include such outcomes as job satisfaction and continued participant commitment to the organization.

As intervening concepts, orientations, means, and ends are believed to be important factors affecting the achievement of each of the four criteria of effectiveness.

Social Processes and Effectiveness

Based on the relationships believed to exist between the independent and dependent concepts mentioned previously, a general assumption underlying this dissertation is "Selected social processes are related to organizational effectiveness." The selected social processes are the three independent concepts borrowed from Etzioni's (1961) compliance theory. These social processes will be commented on briefly below. A more detailed explanation of the concepts is presented later in this chapter.
Recruitment Selectivity

This is the process by which organizations choose from all available participants those they actually accept (Etzioni, 1961:154). All formal organizations have certain requirements individuals must meet if they are to become active participants. For example, persons seeking managerial positions in farmer cooperatives may be accepted (or rejected) on the basis of such criteria as age, education, or farm experience.

In this dissertation, recruitment selectivity will be broken down into two categories. The first category will focus on concepts suggesting actual criteria considered in the selection of cooperative managers, and the second category will focus on the perceptions managers have toward themselves. Thus, the first category is behavioral, whereas the second is attitudinal.

Socialization

Socialization is a continuous process in all social interaction. It is the process by which organizational participants acquire the knowledge, skills, beliefs, orientations, and other qualifications necessary for satisfactory role performance. Socialization is also broken down into two categories. The first category includes the socialization experiences of cooperative managers, while the second category focuses on the means used by managers to develop their employees.
Communication

Communication, like socialization, is essential in all social interaction. Sociologically, communication may be defined as the exchange of meaningful symbols in group situations. In this dissertation, the primary concern is with communication between cooperative managers and employees, and managers and member-patrons. The concepts related to communication are also broken down into two categories. The first category deals with the means of communication, that is, whether communication is verbal, written, formal, informal, or a combination of these. The second category focuses on the amount of communication. A more detailed discussion of communication will be presented later in this chapter.

The presumed relationships between recruitment selectivity (RS), socialization (S), communication (C), and effectiveness — goal attainment (GA), adaptation (A), integration (I), and latency (L) are presented in the diagram below.

Diagram 1. Relationships between Selected Social Processes and Effectiveness
NOTE: Straight lines imply cause, and curved lines imply relationship.

Diagram 1. (continued)

Finally, the presumed relationship between the three selected social processes, the three intervening concepts, and the four criteria of effectiveness are presented in the diagram below.

Diagram 2. Relationship between Independent, Intervening, and Dependent Concepts
The relationships between the independent concepts and the criteria of effectiveness will be explained further in the following section.

Derivation of Hypotheses

Introduction

This section brings together the three social processes selected from Etzioni's compliance theory and the four functional imperatives of social systems outlined by Parsons. The three concepts selected from Etzioni's theory (recruitment selectivity, socialization, and communication) will be viewed as independent concepts; while the four functional imperatives that form Parsons' AGIL scheme (adaptation, goal attainment, integration, and latency) will be treated as dependent variables. The four functional imperatives will form the criteria of effectiveness. In assessing effectiveness, the primary concern will be with the relationship between the independent and dependent concepts. Thus, this section investigates
the relationship between the three social processes and the
criteria of effectiveness. An attempt will be made to establish
whether or not each of the independent concepts is logically
related to each of the dependent concepts and, if so, to deter-
mine the nature of the relationship.

Most studies of organizational effectiveness imply the
presence of at least one of the functional imperatives, but
researchers rarely focus on all four simultaneously. For
instance, some studies focus explicitly on goal attainment
and/or adaptation while overlooking the internal problems of
integration or latency. Parsons (1956) maintains that each
of these four functional prerequisites must be met to a minimum
degree if an organization is to survive and be effective. So
far, the only empirical tests of Parsons' notions are the studies
by Mulford et al. (1972) and Padgitt (1972). Consequently, one
seldom finds the four functional imperatives being referred to
directly in the literature. Therefore, the supporting rationale
for the hypotheses to be derived will, in some instances, be
based on logical inferences.

In 1972, Padgitt tested the relationship between selec-
tivity, socialization and communication and the four functional
prerequisites in a normative organization. One of the general
hypotheses stated in her study was (Padgitt, 1972:12): "There
is a positive relationship between the multiple conceptual
elements (adaptation, goal attainment, integration, and latency). Padgitt (1972:36) also reported significant positive correlations between selectivity, socialization, communication, and organizational effectiveness (adaptation, goal attainment, integration, and latency). All but one of the zero-order correlations was significant at the .01 level. The one exception, the relationship between recruitment selectivity and a single measure of latency, was significant at the .05 level. Findings supported the multiple goals approach to organizational effectiveness (Padgitt, 1972:31). Thus, a general assumption in this dissertation is:

There is a relationship between recruitment selectivity, socialization, communication and organizational effectiveness (goal attainment, adaptation, integration, and latency). The supporting rationale underlying this assumption is pointed out in the following pages.

Recruitment selectivity

Recruitment selectivity refers to the criteria by which an organization selects from its potential participants those which it actually recruits (Etzioni, 1961:154). Every organization must find replacements for members who leave or persons to fill new positions created by expansion or role redefinition. Some standards must be established to determine who is to be accepted into the organization and who is to be rejected by the organization.
In many instances, the number of persons seeking positions in organizations exceeds the demands of the organization, so Etzioni (1961:154) defines recruitment selectivity in terms of the ratio of actual participants over potential participants.

Recruitment selectivity is an important factor to consider in the evaluation of organizational effectiveness. Selection standards can have considerable influence on role performance. Whether the standards are written or unwritten, the minimum qualifications potential participants are expected to meet do exist. However, in some organizations, the formal qualifications might be more rigidly adhered to than in others. Nevertheless, the process of selectivity exists.

Weber (1947:329-341) recognized the importance of recruitment standards in his classical study of bureaucracy. He noticed that one of the major characteristics of bureaucratic organizations was appointment to office on the basis of qualifications. But, the requirement for minimum qualifications is not limited to bureaucratic officials. It holds true for lower participants as well, even though the minimum qualifications may not always be clearly defined. However, selection standards tend to be more rigid for key officials. In general, the higher individuals are in the organization, the higher the requirement for entry into the organization. When key officials leave the organization, their successors must possess the necessary skills and knowledge to keep the organization going. In some instances, replacements
are recruited from ranks within the organization. For example, Wilson (1942) reported that many college presidents had been recruited from the ranks of professors.

Etzioni (1961:151) recognizes differences in recruitment practices between the three types of organizations he classified. He suggests that recruitment selectivity has only a limited impact on the organization. It affects only the initial involvement of participants, because organizational socialization, communication, and experience of participation may change the actor's involvement greatly after recruitment (Etzioni, 1961:152).

Etzioni (1961:159) asserts that selectivity and socialization can substitute for one another. Where selection criteria are high, there is little need for additional socialization once a person becomes a member of the organization. However, selection is based on the qualification prerequisites for entry into the organization. Once they enter the organization, participants are given organizational socialization to bring the qualities they already possess more in line with those of the organization. The object is to ensure satisfactory performance of organizational roles (Etzioni, 1964:70).

Mulford et al. (1968:74) found selectivity and socialization to be positively correlated with formal goal attainment in normative organizations. When selectivity was low there was a significant relationship between socialization and goal attainment,
but socialization was most effective under conditions of medium selectivity.

Sherlock and Morris (1967:27-46) reported findings from a seven-year study of dental students as they progressed from pre-dental training through their first year of practice. The three foci of their study were recruitment, socialization and professional outcomes. They developed a paradigm which implies that both recruitment selectivity and socialization contribute directly to each of the four functional prerequisites of social systems (1967:29). Support is also given to Etzioni's (1961) assertion that socialization and recruitment selectivity can on occasions substitute for one another. The authors write (Sherlock and Morris, 1967:29):

Selection is the process of recruiting candidates having requisite characteristics by means of initial evaluation procedures and the subsequent attrition of students. There are several purposes of selection as a socializing process, the foremost being to control access to a profession by limiting entry to the best qualified. A secondary purpose, often overlooked, is to increase the motivational and commitment on the part of those students who, by virtue of being selected, feel singularly fortunate.

The secondary purpose referred to can be interpreted within the framework of Parsons' concept of latency.

In general, economic organizations tend to be comparatively high in recruitment practices. New participants are selected after they have received the prerequisite socialization in outside organizations such as vocational schools and universities.
Selection procedures often involve the use of special screening devices such as examinations, psychological tests, or conditional acceptance such as probation periods (Etzioni, 1964:69). Careful selection is preferred to the task of having to provide organizational socialization for those recruited (Etzioni, 1964:70). Coercive and normative organizations, on the other hand, must provide more organizational socialization.

Recruitment selectivity can be simple or complex depending on the characteristics of the organization in question (Yoder, 1965:299). While it is in some ways related to each of the four functional imperatives, selectivity appears most related to the problem of adaptation. Padgitt (1972:37) found the highest correlation between recruitment selectivity and the four functional imperatives to be between recruitment selectivity and adaptation ($r=.331$). Yoder (1965:299) sees recruitment as a staffing process. He says, "The staffing problem cannot be entirely divorced from the process of development and training." This implies a relationship between adaptation and recruitment selectivity as well as between adaptation and socialization.

Parsons (1960:78) says all social systems are confronted with the problems of procurement and disposal. The procurement problem deals with obtaining the necessary personnel and facilities for goal attainment and adaptation, while the disposal problem deals with the output of one system to other systems.
In view of the foregoing discussion, a major hypothesis is: G.H. I: There is a relationship between recruitment selectivity and the four functional prerequisites of social systems. The presumed relationships of the supporting hypotheses are:

1. There is a positive relationship between recruitment selectivity and goal attainment.
2. There is a positive relationship between recruitment selectivity and adaptation.
3. There is a positive relationship between recruitment selectivity and integration.
4. There is a positive relationship between recruitment selectivity and latency.

Socialization

While Parsons and Shils (1962:227), Loomis and Loomis (1961), Homans (1950), and Caplow (1964) have given considerable attention to socialization in formal organizations, the focus of this dissertation is on Etzioni's use of the term. Etzioni (1961:141) defines socialization as "the acquisition of the requisite orientations for satisfactory functionings in a role." Etzioni uses the term "orientations" in his definitions of both socialization (1961:141) and communication (1961:137). These orientations appear to be closely related to the six consensus spheres he identifies. Etzioni (1961:128) states that, "Studies of consensus
inquire into the degree to which the cultural orientations of various individuals or groups are congruent." He mentions specifically consensus on (1) values, (2) organizational goals, (3) means, (4) participation in the organization, and (5) cognitive processes (1961:129-130).

Socialization is present in all social interaction. It is the general process which enables individuals to acquire knowledge, skills, values, beliefs, norms, and other characteristics necessary for adjustment to and role performance in various groups. Caplow (1964:169) states:

The organizationally directed process that prepares and qualifies individuals to occupy organizational positions is called socialization. It may be visualized as continuous, since the behaviors appropriate to an organizational position are not acquired once and for all when the position is assumed but are learned and relearned throughout the length of a career.

Experience and training provide the bases for socialization. Socialization may be formal or informal, adequate or inadequate, and instrumental or expressive. Formal socialization is more characteristic of economic organizations than of coercive organizations, but it is less intensive in economic organizations than it is in normative organizations (Etzioni, 1961:144 and 150). Etzioni (1961:144) says much of the formal socialization in economic organizations is provided by external comparatively autonomous, social units such as vocational schools and colleges. Yet,
socialization continues after members are accepted into organizations. Some organizations even provide formal training programs to more effectively develop the skills and orientations needed by participants in the organization. Another characteristic of socialization in economic organizations is that it tends to be more instrumental than expressive. Compared with normative organizations, there is less need for expressive socialization in economic organizations. Expressive socialization is more prevalent in normative organizations where there is a high degree of commitment on the part of the participants.

Some of the functions of socialization are implicit in Silverman's (1970:55) statements. He says:

The explanation of the integration of the individuals and groups into an organization is to be found ultimately, Parsons maintains, in the value-system of the society as reflected in the goal of the organization. This structures the way in which roles are defined in such a way as to be appropriate to the expectations which organizational members bring to their work. These processes are derived from the processes of socialization and internalization of norms.

There are norms, values and activities associated with each of the effectiveness criteria in this dissertation. These norms, values, and activities are dependent upon some form of socialization.

Dobriner (1969:113) recognizes the part socialization plays in ensuring that organization members become aware of the ideology (latency), norms (integration), and values (goal attainment,
adaptation, integration, and latency) of the system. He implies that a considerable amount of attention must be devoted to appropriate socialization if actors are to be more fully integrated into an organization. The close linkage between socialization and organizational goals and values is also implicit in a study by Hills (1969:88).

Brim and Wheeler (1966) hint at the different kinds of socialization actors must have if an organization is to be effective. They distinguish between "role" socialization and "status" socialization. Role socialization refers to the training and preparation for the performance of specific tasks. On the other hand, status socialization "refers to a broader pattern of training designed to prepare the recruit to occupy a generalized status in life with its associated life styles (Brim and Wheeler, 1966:70)."

Wheeler (Brim and Wheeler, 1966:87) seems to support Etzioni's argument that socialization and recruitment selectivity can serve as substitutes for one another. He says "only certain portions of the socialization program are typically required of all recruits. Other parts are presumed to be relevant or to be needed by only a segment of the population." In general, he implies the existence of a direct relationship between socialization and goal attainment, adaptation, and integration.

Padgitt (1972:37) found socialization to be positively correlated with organizational effectiveness (goal attainment, adaptation, integration, and latency) at the .01 level. An earlier
study by Mulford et al. (1968) also shows socialization to be positively and significantly related to the achievement of formal goals (role performance) in normative organizations.

Based on the foregoing discussion, a second general hypotheses of this dissertation is:

G.H. II: There is a relationship between socialization and the four functional imperatives of social systems. The presumed relationships of the supportive hypotheses are:

5. There is a positive relationship between socialization and goal attainment.
6. There is a positive relationship between socialization and adaptation.
7. There is a positive relationship between socialization and integration.
8. There is a positive relationship between socialization and latency.

Communication

Some kind of communication is present in all social situations. Without communication social life among human beings would be impossible. All interaction among humans is made possible through the exchange and interpretation of meaningful symbols. Etzioni (1961:137) defines communications as "a symbolic process by which the orientations of lower participants to the organization are reinforced or changed." In the study of formal organizations,
both formal and informal communication become important. Both are present to some degree in all organizations and should be considered in the study of organizational effectiveness. In formal organizations, communication is thought to flow through clearly defined channels and to be limited to the transaction of official organizational tasks. This merely depicts the ideal type of organizational structure. In reality, it lacks support, for much informal unofficial communication occurs at various organizational levels.

Some writers argue that to understand communication is to understand the organization in which it occurs. According to Rubenstein and Haberstroh (1966:368), "the essence of organizational behavior is communication." According to Litterer (1965:256), communication is so important that if one could identify all of the channels of communication conveying information and the means by which information influences the behavior of the organization he would come close to understanding the organization itself. Etzioni (1961:137) writes:

The study of communication in organizations is of special import because of large size, high degree of complexity, strain toward effectiveness, and elaborate control structure of organizations all require extensive networks and roles and mechanisms devoted to the flow of communication.

In addition, Etzioni (1961:138) states that communication may be instrumental or expressive, and it "may flow vertically or horizontally in the rank structure, and vertical communication
may flow upward or downward." As to the amount of communication required for effective operation, Etzioni (1961:138) says it depends on the scope and effectiveness of the socialization process.

Parsons (1960:271) says there is no such thing as good or bad communication. Communication can be adequate or inadequate, effective or ineffective; or complete or incomplete. It helps to coordinate behavior. "This coordination, however, is achieved through interpersonal communication (Parsons, 1960:274)." This statement implies a relationship between communication and integration. Litterer (1965:275-276) also implies the relationship between communication and integration when he says both the division of labor and organizational rules influence the patterns of communication. Rubenstein and Haberstroh (1966:374) state, "The process of leadership, control and evaluation, and decision-making are all heavily dependent upon communication." The implications here are that communication is directly related to goal attainment, adaptation, and integration.

Yoder (1965:87, 556, and 653) implies the relationship between communication and the functional imperatives. He cites communication as one of four independent variables related to: (1) maximum achievement of various organizational goals (goal attainment), and (2) continuity and persistence of the organization (adaptation) (1965:87). He also sees communication as the force
which binds organizational members together (1965:556), thus, implying integration. In addition, Yoder (1965:563) discusses the relationship between communication and morale, thus implying the linkage between communication and latency.

Although much has been written about communication in organizations, there is some indication that the relationship of communication to organizational behavior has been obscured by a lack of theory as well as limited research. Research in communication has lagged behind studies focusing on other aspects of organizational behavior (Guetzkow, 1965:569). Caplow (1964:252) states, "What is wishfully called the theory of communication remains so far in a fragmentary state."

The writer knows only two empirical studies which have examined the relationship between communication and organizational effectiveness directly. Mulford et al. (1972) found communication to be correlated with formal goal attainment at the .01 level. Padgitt (1972:37) found communication to be correlated with goal attainment, adaptation, integration, and latency at the .01 level in a study of a normative organization.

In view of the foregoing discussion, a general hypothesis is: G.H. III: There is a relationship between communication and the four functional imperatives of social systems. The presumed relationships are:

9. There is a positive relationship between communication and goal attainment.
10. There is a positive relationship between communication and adaptation.

11. There is a positive relationship between communication and integration.

12. There is a positive relationship between communication and latency.

Relationships between Independent Concepts

Etzioni's suggestion that socialization and recruitment selectivity can substitute for one another implies the existence of a positive relationship between the two concepts. According to Etzioni (1961:158), "If participants are given the appropriate socialization before they enter the organization, there will be less need to provide organizational socialization once they are recruited." Etzioni (1961:138) also maintains that certain types of socialization can substitute for certain types of communication. He states, "Not only can technical training substitute to some degree for the flow of information; internalization of criteria for decisions through expressive socialization can also partially replace directives or expressive communication." However, expressive communication is more characteristic of normative organizations than of coercive or economic organizations. Furthermore, Etzioni (1961:149) argues that "Utilitarian organizations tend to rely on autonomous external units for both instrumental (e.g., vocational training) and expressive (e.g., motivation to work) socialization."
Relationships between dependent concepts

Since Parsons et al. (1961:38) see the four functional pre-requisites as imperatives in any social system, the question arises as to how they are related to each other. Much has been written or inferred about the relationship between adaptation and goal attainment, but less attention has been given to the interrelations of each of the four criteria of effectiveness. Thus, another objective of this dissertation is to determine the relationship between the four concepts in an economic organization.

Parsons et al. (1961:38) say the focus of latency lies in the structural category of values. Values are implicit in the goals pursued by social systems. This suggests a direct relationship between latency and goal attainment. Parsons et al. (1961:40) also imply a direct relationship between integration and goal attainment when they state:

"The functional problem of integration concerns the mutual adjustment of... 'units' or subsystems from the point of view of their contribution to the effective functioning of the system as a whole. This, in turn, concerns their relation to the pattern-maintenance problem, as well as to the external situation through the processes of goal-attainment and adaptation."

However, there is some indication that latency does not always contribute directly to goal attainment. At times, latency and goal attainment involve divergent emphases. According to Parsons et al. (1953:190), goal attainment and latency "designate antithetical, i.e., independent directions of the disposal of the inflow of motivational
energy into the system." This suggests a low order or near zero correlation between the two concepts. According to Carzo and Yanouzas (1967:246), however, there should be a direct relationship between variables indicative of latency and goal attainment.

They state:

Individual and group participants will contribute to organizational goals as long as they receive personally satisfying inducements in return for their contributions or, in other words, as long as they satisfy their personal goals by helping the formal organization accomplish its goals.

In this case, the writer feels there will be a low to moderate positive relationship between latency and goal attainment.

Implications of the relationship between goal attainment, adaptation, and latency are found in a study of delivery service organizations by Georgopoulos and Tannenbaum (1957). They found significant correlations between station productivity, station inter-group strain, and station flexibility as criteria of effectiveness (1957:538). In another study, Mulford et al. (1972:12-13) reported significant intercorrelations between goal attainment, adaptation, integration and latency. The average inter-item correlation was .43. In fact, all zero-order correlations were significant at the .01 level.

Morse (1961:115) implies the existence of a positive relationship between variables indicative of adaptation, integration and latency. He states, "The relation of adaptation and integration
to system-maintenance is the precise inverse of their relation to task performance." In addition, Morse sees a direct relationship between variables indicative of adaptation, goal attainment, and integration. He puts it this way:

Integration is the process of achieving and maintaining appropriate emotional and social relations (a) among those directly cooperating in a goal-attainment process, and (b) in a system of action viewed as a continuing entity. The integrative problem is that of holding cooperating units in line, of creating and maintaining 'solidarity', despite the emotional strains involved in the process of goal attainment and the manner of sharing the fruits of cooperation.

Thus, a fourth general hypothesis is:

G.H. IV: There is a relationship between each of the four functional imperatives of social systems. The presumed relationships are:

13. There is a positive relationship between goal attainment and adaptation.
14. There is a positive relationship between goal attainment and integration.
15. There is a positive relationship between goal attainment and latency.
16. There is a positive relationship between adaptation and integration.
17. There is a positive relationship between adaptation and latency.
18. There is a positive relationship between integration and latency.

Finally, the relationships predicted in this section are not intended as the basis for establishing causation. Instead, they represent an attempt to establish the nature of the relationship presumed to exist between the various concepts. The primary concern is with the relationship between the three conceptual processes -- recruitment selectivity, socialization and communication -- and the criteria of effectiveness -- goal attainment, adaptation, integration and latency. The three processes are assumed to contribute to organizational effectiveness, but they are not assumed to be the causes of organizational effectiveness.

Zetterberg (1965:69-71) provides a conceptual scheme by which additional insight may be gained into the hypotheses stated above. He lists five ways of examining the linkages between concepts once they have been stated as propositions. There are two alternatives for each. The alternatives are:

1. Reversible versus Irreversible (If X, then Y; and If Y, then X) or (If X, then Y; but if Y, then no conclusion about X)

2. Deterministic versus Stochastic (If X, then always Y) or (If X, then probably Y)

3. Sequential versus Coextensive (If X, then later Y) or (If X, then also Y)
4. Sufficient versus Contingent  
(If X, then Y, regardless of anything else)
or (If X, then Y, but only if Z)

5. Necessary versus Substitutable
(If X, and only if X, then Y) or (If X, then Y; but if Z, then also Y)

In this scheme, X refers to the independent concept, Y to the dependent concept and Z to other variables which may be substituted or which must also be present. Based on Zetterberg's scheme, the major linkage patterns between the hypotheses derived in this section are: irreversible, stochastic, contingent and necessary. Price (1968:8-12) also follows Zetterberg's format for establishing the linkage patterns of propositions. Price (1968:12) says, "This inventory assumes, unless otherwise indicated, that its linkages are reversible, stochastic, sequential, contingent and substitutable."

This section was devoted to the derivation of general and supportive hypotheses. The primary focus was on the relationship between three essential social processes (selectivity, socialization, and communication) and effectiveness (goal attainment, adaptation, integration, and latency). However, the relationships between items forming the criteria of effectiveness were also hypothesized. In addition, Zetterberg's (1965) scheme was used to ascertain the general linkage patterns between the hypotheses. The final section of this chapter will be devoted to nominal definitions of the major concepts.
Summary of nominal definition of dependent and independent concepts

Zetterberg (1965:30) suggests that definitions be used only when and to the extent that they make it possible to say something more easily and clearly than would otherwise be the case. He says, "a nominal definition is a suggestion to name a phenomenon in a given way without implying anything about the scientific propositions relating to this phenomenon" (Zetterberg, 1965:40). In this case, the seven major concepts will be defined below.

First, goal attainment ($Y_1$) is the culminating phase of a sequence of preparatory activities (Parsons et al., 1953:184). Parsons (1960:17) later expands this definition by stating:

The attainment of a goal is defined as a relation between a system... and the relevant parts of the external situation in which it operates. This relation can be conceived as the maximization, relative to the relevant conditions such as costs and obstacles, of some category of output of the system to objects or systems in the external situation.

This expansion of the original definition includes one term which may be questioned. Instead of "maximization", the goal of some social systems may be the "optimization" of system output. The goal attainment problem may be conceptualized as the mobilization of resources for the achievement of the organizational goals.

Second, adaptation ($Y_2$) is the process by which a social system acquires the necessary human and nonhuman resources needed for goal attainment (Parsons, 1960:48-49) and latency (Morse,
Price (1968:62) infers that adaptation is the degree to which an organization is flexible. Parsons et al. (1953:183) state, "Successful adaptation involves (a) an accommodation of the system to inflexible 'reality demands', and (b) an active transformation of the situation external to the system."

Third, integration ($Y_3$) refers to those activities that facilitate social control, solidarity coordination, and stability within the system. It is a set of relations among internal units of a system which help to retain and reinforce the system's boundary maintenance (Parsons et al., 1953:1853-188). Integration may be further defined as the mutual adjustments of units and subsystems within a system from the point of view of their contribution to the effective functioning of the system as a whole.

Fourth, latency ($Y_4$) refers to the activities necessary for the maintenance of motivational and cultural patterns within a system (Blau and Scott, 1962:38). It consists of those activities that deal with the means by which a system makes sure its component subunits and actors are given the necessary time, facilities, and incentives to constitute or reconstitute the capacity needed by the system (Morse, 1961:114).

Fifth, recruitment selectivity ($X_1$) is the process by which an organization selects from its potential participants those which it actually recruits (Etzioni, 1961:154).
Sixth, socialization ($X_2$) is the process by which organizational participants acquire the requisite orientations and skills for satisfactory functioning in a role (Etzioni, 1961: 141).

Seventh, communication ($X_3$) is a symbolic process by which the orientations of lower participants to the organization are reinforced or changed (Etzioni, 1961:137). It is "the process by which knowledge is transmitted and sentiment is formed or modified (Loomis and Loomis, 1961:15)."

In conclusion, this chapter provides the conceptual framework which will be followed in the evaluation of the effectiveness of local farmer cooperatives in Iowa. The major concepts will be treated empirically in the next chapter. The eighteen (18) supportive hypotheses stated in this chapter will be tested.
CHAPTER 4. METHODS

Introduction

The conceptual model selected for use in the present assessment of organizational effectiveness was discussed in the preceding chapter. The focus of attention was on theoretical frameworks and empirical methods used in past studies. Following the approach of structural-functionalism, the social system model will now be followed to evaluate the effectiveness of local farmer cooperatives in Iowa. One of the specific objectives is to investigate the feasibility of the social system approach in the evaluation of the effectiveness of local farmer cooperatives in Iowa. A second specific objective is to identify specific problems of empirical research on the effectiveness of farmer cooperatives as economic organizations. The third specific objective is to provide a sociological guide for use in more comprehensive future studies of the effectiveness of farmer cooperatives. Therefore, the purpose of this chapter is to explain the methods and procedures used in the collection, handling, and analysis of the data.

Collection of Data

The data for this dissertation were obtained from a comprehensive study of local Iowa farmer cooperatives conducted in 1966. The research was conducted by sociologists at Iowa State
University under the auspices of the Iowa Agricultural and Home Economics Experimental Station, Project No. 1626, in cooperation with the Tennessee Valley Authority. Funds for the research were also provided by the Farmer Cooperative Service, United States Department of Agriculture. Doctors George M. Beal, Joe M. Bohlen and Richard D. Warren served as project leaders for the study.

Population and Sample

The data are based on a sample of 82 managers of local farm supply and grain cooperatives. Questionnaires and interviews were used to obtain information from 98 managers during the months of July and August, 1966. However, subsequent reviews of the completed questionnaires resulted in the elimination of 16 managers whose cooperatives failed to meet all of the characteristics of locally managed farm supply and grain cooperatives. The cooperatives managed by the 82 managers in the sample are representative of a population of more than 200 local farm supply and grain cooperatives in Iowa (Farmer Cooperative Service, Research Report 16, 1970:4-8).

The first part of the field study was conducted through personal interviews using a schedule including 216 questions on various aspects of farmer cooperatives (See Appendix A for questions included in this dissertation). In addition, an attitudinal schedule was left with each of the 82 managers to be filled out and returned to the researchers. In this schedule
managers were asked to indicate the extent to which they agreed or disagreed with 161 statements on a Likert-type scale (See Appendix B for statements used in this dissertation).

The 1966 study was a broad study involving many different concepts. The main purpose was not to specifically evaluate organizational effectiveness as here defined. Thus, this dissertation required reconceptualizing and the development of measurements for certain variables included in the more general 1966 study of local farmer cooperatives in Iowa.

The questions and statements selected for use in this dissertation were chosen systematically. A panel of four judges, including the writer, read the questions and statements several times and classified them according to the extent to which they appeared to be valid measures of effectiveness (goal attainment, adaptation, integration, and latency) and the three selected social processes (recruitment selectivity, socialization, and communication). The questions and statements were further classified into categories suggesting orientations, means, and ends. This resulted in the items used to measure the major independent and dependent concepts being placed under two or more categories for each major concept. For example, there are two subheadings under each independent concept. This is consistent with the theory which views orientations, means, and ends as intervening concepts. The same principle applies to the measurement of the dependent concepts. The questions and statements included in
the final selection were those on which the judges expressed greatest consensus. Other questions and statements were eliminated from further consideration in this study. In some cases, the nature of the questions or statements in the schedules made it necessary to infer the actual meaning within the context of the concepts to be measured. This resulted in the elimination of additional questions and statements which appeared to be ambiguous or of doubtful utility within the context of the conceptual framework followed.

Limitations

The present research endeavor is not intended as an evaluation of the effectiveness of the total farmer cooperative organization as measured by all levels of participants in farmer cooperatives. Rather, this is a study of a subunit or segment within a more inclusive organizational setting -- an analysis based on responses of only managers.

To some extent, the measurement of concepts was influenced by the nature of the questions and statements included in the two schedules. For example, a particular limitation in the 1966 study was questions and statements on the content, frequency, and flow of communication. The amount of communication was not directly measured in the 1966 study, so it became necessary to make inferences on the bases of questions dealing with the closeness with which managers indicated a willingness to associate with their employees.
Measurement of Concepts

The responses to questions and statements included in the dissertations were coded in the 1966 study. The coding of manager responses to open-ended and attitudinal questions was done according to the certainty method. Judges were assigned to read each response to open-ended questions. After reading the responses, they assigned a score ranging from 1 to 99 or, in some cases, 1 to 16. The scores were averaged and transformed into z scores (see Appendix C for example). The theoretical range for the z scores is -2.326 to +2.326. For example, a raw score of 50 is equivalent to a z score of 0, whereas a raw score of 99 is equivalent to a z score of +2.326. Items scored by the certainty method are indicated in this chapter by the symbol ++.

Multiple-choice type responses and questions asking for specific answers were precoded, and questions seeking specific numerical data were given the actual value obtained from respondents. Because of large size, the theoretical range and the actual figures for financial data are not given. However, the relevant data have been standardized. In this dissertation, all responses have been transformed into z scores. The z scores have been multiplied by 100, thus making them appear larger in size. In some instances, several z scores have been added to form z score composite measures of major concepts. This also results in some of the z scores appearing to exceed
the theoretical range mentioned above. The theoretical mean for the z scores is zero (See Appendix D).

Operationalization of Concepts

The three independent and four dependent concepts will now be operationalized. The independent concepts are recruitment selectivity, socialization, and communication. The dependent concepts are goal attainment, adaptation, integration, and latency.

Independent Concepts

I. Recruitment selectivity is operationally defined as those personal attributes and experiences believed to have been considered in the selection of managers for their present role. The concept is extended to include the perceptions managers hold toward themselves as managers. Recruitment selectivity is measured by scores assigned to responses to the following items:

1Questions corresponding with the variable numbers are shown in Appendices A and B. Appendices A and B show only the questions used in the measurement of the major independent and dependent concepts in this dissertation. There were many questions in the 1966 schedules, but no useful purpose will be served by listing all of them. The questions not listed are believed to be less essential to the evaluation of the effectiveness of Iowa farmer cooperatives within the context of this dissertation. For example, questions such as #215, "How many brothers and sisters do you have?", are not relevant; so they are excluded from Appendices A and B. Questions on financial data are excluded, because financial statements were obtained by the researchers separately.
A. Recruitment Selectivity (Criteria), Var. 404

1. Economic knowledge
   a. Theoretical range: 4 to 22.
   b. Actual scores range from 7 to 21.

2. Educational background of managers
   a. Theoretical range: None to maximum number of years completed.
   b. Actual years range from 8 to 16.

---

1 The variable numbers assigned to the items used to measure the major concepts represent individual as well as composite measures. The variables numbered below 400 in the appendices were used in the preliminary stages of the analysis. The official variables used in the final analysis are those numbered from 400 to 425. Variables 400 to 405 include items measuring the independent concepts, and variables 406 to 425 include items measuring the dependent concepts. The $z$ scores for both independent and dependent concepts are based on standardized individual as well as added composite measures. Standard errors, standard deviations, and $z$ scores for all major variables are shown in Appendix D.

Some items measuring the major concepts were eliminated on the basis of intercorrelation matrices. The acceptable item-total correlations ($r_{it}$) were too low. Items forming composites were evaluated for the degree of linearity using the formula $r_{it}$ equals 1 over the square root of $N$. $N$ equals the number of items in each scale measuring the concept. With one exception, all items forming the composite measures met or, in most cases, exceeded the minimum requirement. The one exception was Variable 141, a single item in one of the scales measuring socialization (Var. 402). The computed $r_{it}$ was .4604. Since it was close to the required $r_{it}$ correlation of .5000, it was not eliminated from the data.
The actual scores for economic knowledge and educational background have been standardized and added together to form a composite (Var.404). This resulted in a z score range greater than the theoretical range of -2.326 to +2.326. In this case, the actual range for the added z scores is from -4.298 to +3.818. This will apply whenever reference is made to composite z scores throughout this chapter.

B. Recruitment Selectivity (Perceptions of managers towards themselves), Var.405.

1. Self confidence
   a. Theoretical range: 1 to 5.
   b. Actual scores range from 2 to 5.

2. Self rank as managers
   a. Theoretical range: 1 to 5.
   b. Actual scores range from 1 to 5.

The added z scores for the composite (Var.405) range from -3.372 to +2.874.

II. Socialization is operationally defined as job-related training and experiences managers indicated they and their key employees received before and after entering the cooperative. Socialization is measured by scores assigned responses to the following questions and statements:

A. Means of Socialization for Managers, Var.402.

1. Manager product training during the past two years
a. Theoretical range: None to the maximum number of days' training received.
b. Actual scores range from 0 to 44.

2. Manager management training during the past two years
a. Theoretical range: None to the maximum number of days training received
b. Actual scores range from 0 to 80.

3. Length of time managers have had full management responsibility
a. Theoretical range: Actual number of years.
b. Actual years range from 3 to 48.

4. Length of time managers have had full management responsibility of present cooperative
a. Theoretical range: Actual number of years.
b. Actual years range from 2 to 39.

The added z scores for the composite (Var.402) range from -3.784 to +12.820.

B. Means Used by Managers to Socialize Employees, Var.403.

1. Product and management training for employees during past two years.
a. Theoretical range: Actual number of days training received,
b. Actual scores range from 0 to 17.5.

2. Methods used by managers to train and develop their employees++.
   Actual z scores range from -23.00 to +93.00.

3. Manager training someone to fill managerial role in the organization.
   a. Theoretical range: 1 to 2.
   b. Actual scores range from 1 to 2.
      Managers answering "yes" received a score of 2, while those answering "no" received a score of 1.
      The added z scores for the composite (Var.403) ranged from -5.004 to +5.300.

III. Communication is operationally defined as the processes by which information is disseminated between managers and employees, and managers and member-patrons (customers). It is based on managers' orientations toward the importance of formal versus informal relationships with employees, customers, other professionals, and the manner in which managers pass on information to their employees.

Measurements of communication are based on scores assigned in terms of:
A. Means of Communication, Var.400

1. The way managers feel about key employee relationships with patron members.
   a. Theoretical range: 1 to 4.
   b. Actual scores range from 1 to 4.

2. Factors managers take into consideration when classifying customers into different categories and selling approaches used on customers++.
   Actual z scores range from -93.00 to +31.00.

3. The essential ingredients managers use in creating a favorable image of their business with customers++. Actual z scores range from -19.00 to +66.00.

4. Methods used by managers to communicate information to their employees++. Actual z scores range from -18.00 to +72.00.
   The added z scores for the composite (Var. 400) range from -6.805 to +5.945.

B. Amount of Communication, Var.401

The closeness of association between managers and employees.

   Theoretical range: 1 to 4.
   Actual range: not recorded.
   The z scores range from -1.256 to +6.328.
Dependent Concepts

I. Goal attainment is operationally defined as the degree to which managers indicate their cooperatives are approximating predetermined ends in terms of financial status, manager orientations toward profit, satisfaction, decision-making ability, and perceptions of employee influence on goals. It is the extent to which managers indicate cooperative objectives are being met, along with the importance attached to being able to meet those objectives. Goal attainment is measured by scores assigned to responses to the following items:

A. Orientation Toward Profit (Goal Attainment I), Var.420

- Managers orientation toward profit.
  Theoretical range: 0 to 64.
  
  Actual scores range from 0 to 55. The z scores range from -2.356 to +2.139.

  Here, four scores were standardized and added to form Var.420.

B. Managers' Perceptions of the Influence Employees have on Organization Goals (Goal Attainment II), Var.421

- The extent to which managers feel employees can influence organizational goals.
  Theoretical range: 1 to 4.
  Actual scores range from 2 to 4. The z scores range from -2.854 to +0.803.
C. Goal Attainment Means (Goal Attainment III), Var. 422

1. Ability to make major decisions++. The z scores range from -47.00 to +56.00.
2. Ability to implement major decisions++. The z scores range from -60.00 to +63.00.

The added z scores for the composite (Var.422) range from -5.127 to +3.632.

D. Goal Attainment Ends (Goal Attainment IV), Var.423

1. Average ratio of savings to fixed assets++.+++The theoretical and actual ranges for financial data are omitted.
2. Average ratio of savings to sales+++.

The added z scores for the composite (Var.423) range from -4.429 to +7.172.

E. Goal Attainment Ends (Goal Attainment V), Var.424

Average net savings+++.

The z scores range from -1.440 to +4.949.

F. Goal Attainment Ends (Goal Attainment VI), Var.425

Satisfaction with position as managers++.

The z scores range from -1.530 to +1.671.

II. Adaptation is operationally defined as (1) the extent to which managers feel they are successful in competing with other businesses in their trade area, (2) the amount of time managers spend planning and organizing, and (3) their attitudes toward
external factors that affect their organization. It is the extent to which managers indicate the organization takes into account external social and nonsocial factors that affect the continuing existence of the cooperative. Adaptation is measured by scores assigned to responses to the following items:

A. Means of Adaptation (Adaptation I), Var.406

1. Methods managers use to protect the organization against market price changes on products and supplies in inventory++. The z scores range -47.00 to +80.00.

2. Factors managers take into consideration in selecting their wholesale sources and outlets++. The z scores range from -8.00 to +74.00.

3. The use of field representatives++. The z scores range from -45.00 to +117.00.

4. Evaluation of alternatives in making major decisions.
   a. Theoretical range: 1 to 4.
   b. Actual scores range from 1 to 4.

5. Consideration given to future sales trends in the trade area.
   a. Theoretical range: 1 to 6.
   b. Actual scores range from 1 to 4.

   The added z scores for the composite range from -7.585 to +9.137.
B. Orientations Toward Traditionalism and Progressivism (Adaptation II), Var.407

1. Orientation toward progressivism.
   a. Theoretical range: 0 to 160.
   b. Actual scores range from 39 to 157.

2. Orientation toward traditionalism.
   a. Theoretical range: 0 to 80.
   b. Actual scores range from 0 to 64.

   The added z scores for the composite (Var. 407) range from -7.388 to +4.554.

C. Orientations Toward Risk (Adaptation III), Var. 408

1. Theoretical range: 0 to 128.

2. Actual scores range from 14 to 107.

   The added z scores for the composite (Var. 408) range from -2.309 to +2.420.

D. Ratio of Average Sales to Average Net Operating Revenue+++ (Adaptation IV), Var.409

1. Average sales.

2. Average net operating revenue.

   The added z scores for the composite (Var.409) range from -2.453 to +12.088.

III. Integration is operationally defined as those activities and characteristics of managers that facilitate solidarity, social control, and stability within the cooperative and its subunits.
It refers to (1) the managers' evaluation of the importance of minor departments, (2) the procurement of necessary personnel and facilities to accomplish tasks within various departments, (3) the manner in which decisions are made that affect the daily operation of the business, (4) the establishment of clearly defined roles, and (5) the existence of a written organizational chart. Integration is measured by scores assigned to responses to the following items:

A. Organizing (Integration I), Var. 410

1. Factors managers take into consideration in making decisions concerning how their business is organized into departments and functions++. The z scores range from -37.00 to +54.00.

2. Methods used to determine the number and qualifications of employees needed in the cooperative++. The z scores range from -24.00 to +91.00.

3. Methods used to determine the responsibilities and work loads of employees++. The z scores range from -49.00 to +79.00.

4. The existence of a written organizational chart.
   a. Theoretical range: 0 to 1.
   b. Actual scores range from 0 to 1. Managers
answering "No" received a score of 0, and those answering "Yes" received a score of 1. The added z scores for the composite ranged from -4.660 to +10.210.

B. Organizing (Integration II), Var.411

1. The preparation of budgets for the next operating year along with the type of budget used++. The z scores range from -119.00 to +134.00.

2. Whether or not and the frequency with which actual results of budgets are compared.
   a. Theoretical range: 0 to 48.
   b. Actual scores range from 0 to 14.

   The added z scores for the composite (Var.411) range from -1.223 to +4.110.

C. Orientations Toward Individualism (Integration III), Var.412

   Managers orientations toward individualism. Theoretical range: 0 to 160.
   Actual scores range from 0 to 147.

   The added z scores for individualism (Var.412) range from -3.844 to +2.418.

D. Average Sales (Integration IV), Var.413+++ The z scores for average sales range from -1.626 to +3.406.
E. Turnover (Integration V), Var.414

Employee turnover.

Theoretical range: 0 to the number who left the cooperative.
The actual number ranges from 0 to 1.
The z scores for employee turnover (Var. 414) range from -1.067 to +3.740.

IV. Latency (pattern-maintenance and tension management) is operationally defined as those activities and processes that insure commitment to and continued participation in the cooperative. In this dissertation, latency refers to the extent to which managers express satisfaction with different aspects of their role as managers, the community, and to the attitudes managers have towards means of increasing employee production. Latency is measured by scores assigned to responses to the following items:

A. Orientations Toward Latency (Latency I), Var.415

Positive attitudes managers have about means of increasing employee production.
Theoretical range: 0 to 112.
Actual scores range from 70 to 112.
The added z scores range from -2.293 to +1.698.
B. Orientations Toward Latency (Latency II), Var.416

Negative attitudes managers have about means of increasing employee production.

Theoretical range: 0 to 64.

Actual scores range from 0 to 55.

The added z scores range from -1.044 to +4.719.

C. Satisfaction with Authority (Latency III), Var.417

The extent to which managers express satisfaction with the amount of authority given to them by the boards of directors.

Theoretical range: 0 to 112.

Actual scores range from 16 to 80. The added z scores for satisfaction with authority (Var.417) range from -3.228 to +1.704.

D. Satisfaction with Job Challenge (Latency IV), Var.418

The extent to which managers express satisfaction in the job challenges they face as managers.

Theoretical range: 0 to 48.

Actual scores range from 19 to 48. The added z scores for manager satisfaction with job challenge (Var.418) range from -2.759 to +1.958.
E. Community Satisfaction (Latency V), Var.419

Satisfaction with community interest and recognition in the cooperative.

Theoretical range: 0 to 32.

Actual scores range from 9 to 32.

The added z scores for community satisfaction (Var.419) range from -2.768 to +2.044.

Statistical Analyses

Statistical tests of significance for the hypotheses formulated in the last chapter are based on Pearson (zero-order) correlations and multiple regressions. The supportive hypotheses are treated empirically in the analyses, but to avoid redundancy, they are not restated in this chapter.

The findings are reported in the next chapter. The correlations and F-ratios will be considered significant at the .05 level or better.
CHAPTER 5.
FINDINGS

Introduction

The last chapter described the procedures followed in the procurement and handling of the data. The concepts in the hypotheses derived in chapter three were operationalized, and specific items were selected to measure each independent and dependent concept. The items measuring each major concept were listed under different subheadings according to the dimension or aspect of the major concept on which the items focused. Ordinarily the hypotheses derived in chapter three would have been restated in empirical form in chapter four. They were not restated, because they will be stated empirically in this chapter. The only difference between the hypotheses stated in chapter three and the empirical hypotheses to be referred to in this chapter is that the word "scores" follows each major concept in the two-way relationships hypothesized (e.g., There is a positive relationship between recruitment selectivity scores and goal attainment scores).

The purpose of the present chapter is to present the results of tests of significance based on zero-order (Pearson) correlations and multiple regressions. The results of statistical tests will be followed only by brief summary statements
in this chapter, because the implications of the relationships will be presented in the next chapter.

Five general hypotheses were formulated in chapter three. From these, eighteen ordinary hypotheses were derived. Stated empirically, the hypothesized relationships between recruitment selectivity and effectiveness are:

E.H. 1: There is a positive relationship between recruitment selectivity scores and goal attainment scores.

E.H. 2: There is a positive relationship between recruitment selectivity scores and adaptation scores.

E.H. 3: There is a positive relationship between recruitment selectivity scores and integration scores.

E.H. 4: There is a positive relationship between recruitment selectivity scores and latency.

Findings based on zero-order correlations are shown below in Table 5.1.
Table 5.1. Correlations between Recruitment Selectivity and Effectiveness

<table>
<thead>
<tr>
<th>Dependent Concepts and Variable Numbers</th>
<th>Independent Concepts</th>
<th>Selectivity Criteria (Var.404)</th>
<th>Selectivity Perceptions (Var.405)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Selectivity</td>
<td>Perceptions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Level</td>
<td>Level</td>
</tr>
<tr>
<td><strong>Goal Attainment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit orientation, Var.420(O)</td>
<td>.185*</td>
<td>.048</td>
<td>.095</td>
</tr>
<tr>
<td>Manager perception of employee influence on goals, Var.421(O)</td>
<td>.015</td>
<td>.448</td>
<td>.104</td>
</tr>
<tr>
<td>Ability to make and implement major decisions, Var.422(M)</td>
<td>.201*</td>
<td>.035</td>
<td>.304**</td>
</tr>
</tbody>
</table>

*The criteria of effectiveness are goal attainment, adaptation, integration, and latency. This will apply whenever the term effectiveness is used.

Variable 404 refers to the criteria believed to have been instrumental in the actual selection of cooperative managers.

Variable 405 refers to the perceptions cooperative managers have of themselves as managers.

The letters in the parentheses designate orientations (O), means (M), and ends (E) as intervening concepts. These abbreviations will be used in various places throughout the remaining chapters in this dissertation.

*Significant at the .05 level.
**Significant at the .01 level.
Table 5.1 (continued)

<table>
<thead>
<tr>
<th>Dependent Concepts and Variable Numbers</th>
<th>Independent concepts</th>
<th>Selectivity Criteria (Var.404)(^b)</th>
<th>Level</th>
<th>Selectivity Perceptions (Var.405)(^c)</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of savings to fixed assets, Var.423(E)</td>
<td></td>
<td>.161</td>
<td>.074</td>
<td>.086</td>
<td>.223</td>
</tr>
<tr>
<td>Average net savings, Var.424(E)</td>
<td></td>
<td>.245**</td>
<td>.013</td>
<td>.179*</td>
<td>.054</td>
</tr>
<tr>
<td>Position satisfaction, Var.425(E)</td>
<td></td>
<td>-.083</td>
<td>.231</td>
<td>.078</td>
<td>.242</td>
</tr>
<tr>
<td><strong>Adaptation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Means of adapting to the external environment, Var.406(M)</td>
<td></td>
<td>.414***</td>
<td>.001</td>
<td>.254**</td>
<td>.011</td>
</tr>
<tr>
<td>Progressivism-traditionalism orientations, Var.407(O)</td>
<td></td>
<td>.360***</td>
<td>.001</td>
<td>.180*</td>
<td>.053</td>
</tr>
<tr>
<td>Risk orientation, Var.408(O)</td>
<td></td>
<td>.412***</td>
<td>.001</td>
<td>.091</td>
<td>.209</td>
</tr>
<tr>
<td>Ratio of average sales to average net operating revenue, Var.409(E)</td>
<td></td>
<td>.317**</td>
<td>.002</td>
<td>.284**</td>
<td>.005</td>
</tr>
</tbody>
</table>

***Significant at the .001 level.
Table 5.1 (continued)

<table>
<thead>
<tr>
<th>Dependent Concepts and Variable Numbers</th>
<th>Independent Concepts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Selectivity Criteria (Var.404)</td>
</tr>
<tr>
<td></td>
<td>(r)</td>
</tr>
<tr>
<td>Integration</td>
<td></td>
</tr>
<tr>
<td>General organization of firm, Var. 410(M)</td>
<td>.323**</td>
</tr>
<tr>
<td>Organizational budget use, Var.411(M)</td>
<td>.378***</td>
</tr>
<tr>
<td>Orientation toward individualism, Var.412(0)</td>
<td>.049</td>
</tr>
<tr>
<td>Average sales, Var.413(E)</td>
<td>.059</td>
</tr>
<tr>
<td>Employee turnover, Var.414(E)</td>
<td>-.163</td>
</tr>
<tr>
<td>Latency</td>
<td></td>
</tr>
<tr>
<td>Positive attitudes toward means of increasing employee production, Var. 415(0)</td>
<td>.070</td>
</tr>
<tr>
<td>Negative attitudes toward means of increasing employee production, Var. 416(0)</td>
<td>-.067</td>
</tr>
<tr>
<td>Manager satisfaction with authority, Var.417(E)</td>
<td>.067</td>
</tr>
<tr>
<td>Job satisfaction, Var.418(E)</td>
<td>-.143</td>
</tr>
<tr>
<td>Community satisfaction, Var.419(E)</td>
<td>-.030</td>
</tr>
</tbody>
</table>
Table 5.1 shows zero-order correlations for forty (40) items assessing the relationship between recruitment selectivity and effectiveness. Seventeen (17) of the relationships are statistically significant at the .05 level or better. Though not statistically significant, sixteen (16) of the remaining correlations are in the predicted direction. An additional seven are in the opposite direction, but none is statistically significant at the .05 level or better. Preliminary indications are that the actual criteria considered in the selection of cooperative managers are better predictors of effectiveness than the perceptions managers have of themselves as cooperative managers.

Recruitment selectivity is significantly related to eight (8) effectiveness items designating means, four (4) designating orientations, and five (5) designating ends.

The hypothesized relationships between socialization and effectiveness are:

E.H. 5: There is a positive relationship between socialization scores and goal attainment scores.

E.H. 6: There is a positive relationship between socialization scores and adaptation scores.

E.H. 7: There is a positive relationship between socialization scores and integration scores.

E.H. 8: There is a positive relationship between socialization scores and latency scores.

Findings based on zero-order correlations are shown in Table 5.2.
Table 5.2. Correlations between Socialization and Effectiveness

<table>
<thead>
<tr>
<th>Dependent Concepts and Variable Numbers</th>
<th>Socialization of Managers (Var.402)(^a)</th>
<th>Socialization of Employees (Var.403)(^b)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Socialization</td>
<td></td>
</tr>
<tr>
<td></td>
<td>of Managers</td>
<td>of Employees</td>
</tr>
<tr>
<td></td>
<td>((r)) Level</td>
<td>((r)) Level</td>
</tr>
<tr>
<td>Goal Attainment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit orientation, Var.420(0)</td>
<td>-.019</td>
<td>-.025</td>
</tr>
<tr>
<td></td>
<td>.423</td>
<td>.411</td>
</tr>
<tr>
<td>Manager perception of employee influence on goals, Var.421(0)</td>
<td>-.061</td>
<td>.153</td>
</tr>
<tr>
<td></td>
<td>.293</td>
<td>.085</td>
</tr>
<tr>
<td>Ability to make and implement major decisions, Var.422(M)</td>
<td>.152</td>
<td>.346***</td>
</tr>
<tr>
<td></td>
<td>.086</td>
<td>.001</td>
</tr>
<tr>
<td>Ratio of savings to fixed assets, Var.423(E)</td>
<td>.343***</td>
<td>-.071</td>
</tr>
<tr>
<td></td>
<td>.001</td>
<td>.263</td>
</tr>
<tr>
<td>Average net savings, Var.424(E)</td>
<td>.467***</td>
<td>.171</td>
</tr>
<tr>
<td></td>
<td>.001</td>
<td>.063</td>
</tr>
<tr>
<td>Position satisfaction, Var.425(E)</td>
<td>.203*</td>
<td>.109</td>
</tr>
<tr>
<td></td>
<td>.034</td>
<td>.164</td>
</tr>
</tbody>
</table>

\(^a\)Variable 402 refers to the means of socialization for cooperative managers.

\(^b\)Variable 403 refers to the means of socialization for employees.

*Significant at the .05 level.

***Significant at the .001 level.
Table 5.2. (continued)

<table>
<thead>
<tr>
<th>Dependent Concepts and Variable Numbers</th>
<th>Independent Concepts</th>
<th>Socialization of Managers (Var.402)</th>
<th>Socialization of Employees (Var.403)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(r) Level</td>
<td>(r) Level</td>
</tr>
<tr>
<td><strong>Adaptation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Means of adapting to the external environment, Var.406(M)</td>
<td>-0.087</td>
<td>0.218</td>
<td>0.356***</td>
</tr>
<tr>
<td>Progressivism-traditionalism orientations, Var.407(O)</td>
<td>0.035</td>
<td>0.377</td>
<td>0.377***</td>
</tr>
<tr>
<td>Risk orientations, Var.408(O)</td>
<td>0.087</td>
<td>0.218</td>
<td>0.239*</td>
</tr>
<tr>
<td>Ratio of average sales to average net operating revenue, Var.409(E)</td>
<td>0.301**</td>
<td>0.003</td>
<td>0.329***</td>
</tr>
<tr>
<td><strong>Integration</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General organization of firm, Var.410(M)</td>
<td>-0.001</td>
<td>0.496</td>
<td>0.422***</td>
</tr>
<tr>
<td>Organizational budget use, Var.411(M)</td>
<td>-0.066</td>
<td>0.279</td>
<td>0.371***</td>
</tr>
<tr>
<td>Orientation toward individualism, Var.412(O)</td>
<td>-0.007</td>
<td>0.477</td>
<td>-0.001</td>
</tr>
</tbody>
</table>

**Significant at the .01 level.
<table>
<thead>
<tr>
<th>Dependent Concepts and Variable Numbers</th>
<th>Socialization of Managers (Var.402)$^a$</th>
<th>Socialization of Employees (Var.403)$^b$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(r) Level</td>
<td>(r) Level</td>
</tr>
<tr>
<td>Average sales, Var.413(E)</td>
<td>.012  .456</td>
<td>.170  .064</td>
</tr>
<tr>
<td>Employee turnover, Var.414(E)</td>
<td>-.070  .267</td>
<td>.044  .347</td>
</tr>
<tr>
<td><strong>Latency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive attitudes toward means of increasing employee production, Var.415(E)</td>
<td>-.070  .267</td>
<td>.297**  .003</td>
</tr>
<tr>
<td>Negative attitudes toward means of increasing employee production, Var.416(E)</td>
<td>.098  .191</td>
<td>-.122  .137</td>
</tr>
<tr>
<td>Manager satisfaction with authority, Var.417(E)</td>
<td>.036  .374</td>
<td>.040  .361</td>
</tr>
<tr>
<td>Job satisfaction, Var.418(E)</td>
<td>.271**  .007</td>
<td>.080  .239</td>
</tr>
<tr>
<td>Community satisfaction, Var.419(E)</td>
<td>.128  .126</td>
<td>-.057  .306</td>
</tr>
</tbody>
</table>
Findings in Table 5.2 show a relatively weak relationship between the socialization experiences of cooperative managers and effectiveness. The relationship is somewhat stronger for the means used by managers to train and develop their employees. Thirteen (13) of the forty (40) correlations are statistically significant in the predicted direction. Eight of these are between items focusing on the relationship between the socialization of employees and effectiveness. Six are significant at the .001 level. An additional thirteen (13) correlations are in the opposite direction, but none is statistically significant. The remaining fourteen (14) correlations are in the predicted direction, but they are not statistically significant.

Socialization is significantly related to six (6) effectiveness items designating ends, four (4) designating means, and three (3) designating orientations.

A close examination of the significant findings presented in Table 5.2 reveals only one instance in which the socialization of both managers and employees is consistent. Both are significantly related to the ratio of average sales to average net operating revenue. In general, the socialization of managers is most related to goal attainment, while the socialization of employees is most related to adaptation and integration.
The hypothesized relationships between communication and effectiveness are:

E.H. 9: There is a positive relationship between communication scores and goal attainment scores.
E.H. 10: There is a positive relationship between communication scores and adaptation scores.
E.H. 11: There is a positive relationship between communication scores and integration scores.
E.H. 12: There is a positive relationship between communication scores and latency scores.

Findings based on the hypothesized relationships are presented in Table 5.3.
Table 5.3. Correlations between Communication and Effectiveness

<table>
<thead>
<tr>
<th>Dependent Concepts and Variable Numbers</th>
<th>Independent Concepts</th>
<th>Means of Communication</th>
<th>Amount of Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(r) Level</td>
<td>(r) Level</td>
</tr>
<tr>
<td>Goal Attainment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit orientation, Var. 420(0)</td>
<td></td>
<td>.093</td>
<td>.204</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.015</td>
<td>.449</td>
</tr>
<tr>
<td>Manager perceptions of employee influence on goals, Var. 421(0)</td>
<td>-.085</td>
<td>.225</td>
<td>.164</td>
</tr>
<tr>
<td>Ability to make and implement major decisions, Var. 422(M)</td>
<td>.323**</td>
<td>.002</td>
<td>-.143</td>
</tr>
<tr>
<td>Ratio of savings to fixed assets, Var. 423(E)</td>
<td>-.025</td>
<td>.411</td>
<td>.050</td>
</tr>
<tr>
<td>Average net savings, Var. 424(E)</td>
<td>.240*</td>
<td>.015</td>
<td>.049</td>
</tr>
<tr>
<td>Position satisfaction, Var. 425(E)</td>
<td>-.035</td>
<td>.379</td>
<td>-.168</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>.065</td>
</tr>
</tbody>
</table>

*Significant at the .05 level.
**Significant at the .01 level.
Table 5.3 (continued)

<table>
<thead>
<tr>
<th>Dependent Concepts and Variable Numbers</th>
<th>Independent Concepts Means of Communication (Var.400) (r)</th>
<th>Amount of Communication (Var.401) (r)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adaptation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Means of adapting to the external environment, Var.406(M)</td>
<td>.452*** .001</td>
<td>-.033 .383</td>
</tr>
<tr>
<td>Progressivism-traditionalism orientations, Var.407(O)</td>
<td>.271** .007</td>
<td>-.055 .311</td>
</tr>
<tr>
<td>Risk orientation, Var.408(O)</td>
<td>.394*** .001</td>
<td>.014 .450</td>
</tr>
<tr>
<td>Ratio of average sales to average net operating revenue, Var.409(E)</td>
<td>.406*** .001</td>
<td>.066 .277</td>
</tr>
<tr>
<td><strong>Integration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General organization of firm, Var.410(M)</td>
<td>.531*** .001</td>
<td>-.030 .396</td>
</tr>
<tr>
<td>Organizational budget use, Var.411(M)</td>
<td>.458*** .001</td>
<td>-.094 .200</td>
</tr>
<tr>
<td>Orientation toward individualism, Var.412(O)</td>
<td>.091 .209</td>
<td>-.053 .320</td>
</tr>
<tr>
<td>Average sales, Var.413(E)</td>
<td>.133 .117</td>
<td>.102 .182</td>
</tr>
<tr>
<td>Employee turnover, Var.414(E)</td>
<td>-.227* .020</td>
<td>-.082 .232</td>
</tr>
</tbody>
</table>

***Significant at the .001 level.
Table 5.3 (continued)

<table>
<thead>
<tr>
<th>Dependent Concepts and Variable Numbers</th>
<th>Independent Concepts</th>
<th>Means of Communication (Var.400)</th>
<th>Amount of Communication (Var.401)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(r) Level</td>
<td>(r) Level</td>
</tr>
<tr>
<td>Latency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive attitudes towards means of increasing employee production, Var.415(O)</td>
<td></td>
<td>.156 .081</td>
<td>-.066 .279</td>
</tr>
<tr>
<td>Negative attitudes toward means of increasing employee production, Var.416(O)</td>
<td></td>
<td>-.104 .176</td>
<td>.074 .256</td>
</tr>
<tr>
<td>Manager satisfaction with authority, Var.417(E)</td>
<td></td>
<td>-.165 .070</td>
<td>-.078 .243</td>
</tr>
<tr>
<td>Job satisfaction, Var.418(E)</td>
<td></td>
<td>-.098 .192</td>
<td>-.093 .204</td>
</tr>
<tr>
<td>Community satisfaction, Var.419(E)</td>
<td></td>
<td>-.060 .295</td>
<td>-.204* .033</td>
</tr>
</tbody>
</table>
Only eight of the forty (40) correlations showing the relationship between communication and effectiveness are statistically significant at the .05 level or better. Twenty (20) of the correlations are in the opposite direction, but only two are statistically significant. The remaining twelve (12) correlations are in the predicted positive direction, but they are not statistically significant. An interesting observation is that none of the items reflecting the relationship between the amount of communication and effectiveness are statistically significant. Also, none of the correlations showing the relationship between the two aspects of communication are significantly related to latency in the predicted direction. Each of the items showing the relationship between the means of communication and adaptation is significant at the .007 level or better. Based on single items, the highest correlations are between items measuring the means of communication and integration.

Of the eight (8) significant positive relationships between communication and effectiveness items, two (2) reflect orientations, two (2) reflect ends, and four (4) reflect means. Both of the significant negative relationships focus on ends. One is community satisfaction, and the other is employee turnover.

Following Parsons' AGIL scheme, the writer wished to investigate the relationship between the items forming the criteria of effectiveness in this dissertation. The purpose was
to find out how these variables are interrelated in farmer cooperatives. The empirical hypotheses formulated for testing are:

E.H. 13: There is a positive relationship between goal attainment scores and adaptation scores.
E.H. 14: There is a positive relationship between goal attainment scores and integration scores.
E.H. 15: There is a positive relationship between goal attainment scores and latency scores.
E.H. 16: There is a positive relationship between adaptation scores and integration scores.
E.H. 17: There is a positive relationship between adaptation scores and latency scores.
E.H. 18: There is a positive relationship between integration scores and latency scores.

Findings based on zero-order correlations are shown in Tables 5.4 to 5.6.

Twenty-four (24) of the eighty-four (84) correlations are statistically significant in the predicted direction. Thirty-five (35) are in the opposite direction of which six are significant at the .05 level or better. The remaining twenty-five (25) correlations in the predicted direction are not statistically significant.

Table 5.5 shows the intercorrelations for integration, latency, and adaptation.
Table 5.4. Correlations between Adaptation, Integration, Latency, and Goal Attainment

<table>
<thead>
<tr>
<th>Effectiveness Criteria</th>
<th>Goal Attainment Variables&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Var. 420</th>
<th>Var. 421</th>
<th>Var. 422</th>
<th>Var. 423</th>
<th>Var. 424</th>
<th>Var. 425</th>
</tr>
</thead>
<tbody>
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<td>Adaptation</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Means of adapting to the external environment, Var. 406</td>
<td></td>
<td>.211*</td>
<td>.238*</td>
<td>.341***</td>
<td>.032</td>
<td>.143</td>
<td>.179*</td>
</tr>
<tr>
<td>Progressivism-traditionalism orientation, Var. 407</td>
<td></td>
<td>-.216*</td>
<td>.011</td>
<td>.300**</td>
<td>.149</td>
<td>.226*</td>
<td>.099</td>
</tr>
<tr>
<td>Risk orientation, Var. 408</td>
<td></td>
<td>.242**</td>
<td>.042</td>
<td>-.004</td>
<td>.059</td>
<td>.118</td>
<td>-.203*</td>
</tr>
<tr>
<td>Ratio of average sales to average net operating revenue, Var. 409</td>
<td></td>
<td>.047</td>
<td>-.127</td>
<td>.282**</td>
<td>.201*</td>
<td>.763***</td>
<td>.227*</td>
</tr>
</tbody>
</table>

<sup>a</sup>Variables 420 thru 425 refer to profit orientation, manager perception of employee influence on goals, ability to make and implement major decisions, ratio of savings to fixed assets, average net savings, and position satisfaction, respectively.

*Significant at the .05 level.
**Significant at the .01 level.
***Significant at the .001 level.
<table>
<thead>
<tr>
<th>Effectiveness Criteria</th>
<th>Var. 420</th>
<th>Var. 421</th>
<th>Var. 422</th>
<th>Var. 423</th>
<th>Var. 424</th>
<th>Var. 425</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General organization of firm, Var. 410</td>
<td>-.026</td>
<td>.178*</td>
<td>.494***</td>
<td>-.121</td>
<td>.105</td>
<td>.228*</td>
</tr>
<tr>
<td>Budget use, Var. 411</td>
<td>.235*</td>
<td>-.012</td>
<td>.350***</td>
<td>-.087</td>
<td>.022</td>
<td>.136</td>
</tr>
<tr>
<td>Orientation toward individualism, Var. 412</td>
<td>.250**</td>
<td>-.020</td>
<td>-.035</td>
<td>-.120</td>
<td>.104</td>
<td>.044</td>
</tr>
<tr>
<td>Average sales, Var. 413</td>
<td>.061</td>
<td>.015</td>
<td>.115</td>
<td>-.253**</td>
<td>-.162</td>
<td>-.092</td>
</tr>
<tr>
<td>Employee turnover, Var. 414</td>
<td>-.096</td>
<td>.053</td>
<td>-.006</td>
<td>-.150</td>
<td>-.245**</td>
<td>-.077</td>
</tr>
<tr>
<td>Latency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive attitudes towards means of increasing employee production, Var. 415</td>
<td>-.270**</td>
<td>.163</td>
<td>-.025</td>
<td>-.115</td>
<td>-.050</td>
<td>.200*</td>
</tr>
<tr>
<td>Negative attitudes towards means of increasing employee production, Var. 416</td>
<td>.127</td>
<td>-.051</td>
<td>-.087</td>
<td>-.006</td>
<td>.131</td>
<td>-.149</td>
</tr>
<tr>
<td>Satisfaction with authority, Var. 417</td>
<td>-.042</td>
<td>.207*</td>
<td>-.116</td>
<td>.040</td>
<td>-.008</td>
<td>.299**</td>
</tr>
<tr>
<td>Job satisfaction, Var. 418</td>
<td>-.089</td>
<td>.127</td>
<td>-.004</td>
<td>-.077</td>
<td>.040</td>
<td>.419***</td>
</tr>
<tr>
<td>Community satisfaction, Var. 419</td>
<td>-.209*</td>
<td>-.107</td>
<td>.195*</td>
<td>.221*</td>
<td>.126</td>
<td>.481***</td>
</tr>
</tbody>
</table>
Table 5.5. Correlations between Integration, Latency, and Adaptation

<table>
<thead>
<tr>
<th>Effectiveness Criteria</th>
<th>Var. 406</th>
<th>Var. 407</th>
<th>Var. 408</th>
<th>Var. 409</th>
</tr>
</thead>
<tbody>
<tr>
<td>General organization of firm, Var.410</td>
<td>.574***</td>
<td>.296**</td>
<td>.163</td>
<td>.364***</td>
</tr>
<tr>
<td>Budget use, Var.411</td>
<td>.349***</td>
<td>.149</td>
<td>.268**</td>
<td>.280**</td>
</tr>
<tr>
<td>Orientation toward individualism, Var.412</td>
<td>.102</td>
<td>-.059</td>
<td>.190*</td>
<td>.055</td>
</tr>
<tr>
<td>Average sales, Var.413</td>
<td>.057</td>
<td>-.013</td>
<td>-.047</td>
<td>.017</td>
</tr>
<tr>
<td>Employee turnover, Var.414</td>
<td>-.038</td>
<td>-.257**</td>
<td>-.048</td>
<td>-.228*</td>
</tr>
</tbody>
</table>

*Variables 406 thru 409 refer to means of adapting to the external environment, orientations toward progressivism-traditionalism, risk orientation, and ratio of average sales to average net operating revenue, respectively.

*Significant at the .05 level.
**Significant at the .01 level.
***Significant at the .001 level.
Table 5.5. (continued)

<table>
<thead>
<tr>
<th>Effectiveness Criteria</th>
<th>Adaptation a</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Var. 406</td>
</tr>
<tr>
<td>Positive attitudes toward means of increasing employee production, Var. 415</td>
<td>.170</td>
</tr>
<tr>
<td>Negative attitudes toward means of increasing employee production, Var. 416</td>
<td>-.119</td>
</tr>
<tr>
<td>Satisfaction with authority, Var. 417</td>
<td>.015</td>
</tr>
<tr>
<td>Job satisfaction, Var. 418</td>
<td>.133</td>
</tr>
<tr>
<td>Community satisfaction, Var. 419</td>
<td>.062</td>
</tr>
</tbody>
</table>
Findings show a much stronger relationship between adaptation and integration than between adaptation and latency. In fact, only one of the twenty (20) correlations between adaptation and latency is significant in the predicted direction. Seven of the twenty (20) correlations showing the relationship between adaptation and integration are statistically significant. Three are significant at the .001 level, three at the .01 level, and one at the .05 level. Six more are in the predicted direction, but not statistically significant. Of the seven negative correlations, two are statistically significant. Adaptation and integration are highly related in terms of the general organization of the firm and organizational budget use. The only significant correlation between adaptation and latency is the one between progressivism-traditionalism orientation and positive attitudes toward means of increasing employee production. The relationship between risk orientation and community satisfaction is negatively correlated at the .001 level. Budget use is negatively correlated with negative attitudes toward increasing employee production, while risk orientation is negatively correlated with job satisfaction.

The relationship between integration and latency is shown in Table 5.6.
Table 5.6. Correlations between Integration and Latency

<table>
<thead>
<tr>
<th>Effectiveness Criteria</th>
<th>Var. 415</th>
<th>Var. 416</th>
<th>Var. 417</th>
<th>Var. 418</th>
<th>Var. 419</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of firm, Var. 410</td>
<td>.144</td>
<td>-.027</td>
<td>-.034</td>
<td>-.070</td>
<td>.047</td>
</tr>
<tr>
<td>Budget use, Var. 411</td>
<td>.154</td>
<td>-.045</td>
<td>.014</td>
<td>.016</td>
<td>-.038</td>
</tr>
<tr>
<td>Orientation toward</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>individualism, Var.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>412</td>
<td>.059</td>
<td>-.128</td>
<td>.061</td>
<td>.020</td>
<td>-.163</td>
</tr>
<tr>
<td>Average sales, Var.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>413</td>
<td>.005</td>
<td>.045</td>
<td>-.241**</td>
<td>.040</td>
<td>-.132</td>
</tr>
<tr>
<td>Employee turnover,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Var. 414</td>
<td>-.190*</td>
<td>.090</td>
<td>-.007</td>
<td>.011</td>
<td>-.056</td>
</tr>
</tbody>
</table>

*Variables 415 thru 419 refer to positive attitudes toward means of increasing employee production, negative attitudes toward means of increasing employee production, satisfaction with authority, job satisfaction, and community satisfaction, respectively.

*Significant at the .05 level.
**Significant at the .01 level.
***Significant at the .001 level.

The twenty-five (25) correlations in Table 5.6 show the relationship between integration and latency. None is statistically in the predicted direction. Twelve (12) are in the opposite direction, but only two are significant at the .05 level or better. Average sales is negatively correlated with
the satisfaction managers express in the authority given to them by the boards of directors, and employee turnover is negatively correlated with the positive attitudes managers have toward increasing employee production.

In sum, goal attainment, adaptation, and integration are more highly interrelated than adaptation, integration, and latency. However, latency is highly related to one of the six items measuring goal attainment, that is, position satisfaction. With the exception of this one significant relationship, findings are consistent with Parsons' assertion that latency and goal attainment may involve divergent emphases (Parsons et al., 1953: 190). Support is also given to the writer's previous statement that a low to moderate positive relationship exists between goal attainment and latency.

A summary of the findings based on Pearson correlations for each empirical hypothesis is shown in Table 5.7.
Table 5.7. Empirical Hypotheses Supported and Not Supported

<table>
<thead>
<tr>
<th>Empirical Hypothesis</th>
<th>Number of Relationships Tested</th>
<th>Number Supporting Hypothesis</th>
<th>Percent</th>
<th>Number Not Supporting Hypothesis</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.H. 1: There is a positive relationship between recruitment selectivity scores and goal attainment scores.</td>
<td>12</td>
<td>5</td>
<td>42%</td>
<td>7</td>
<td>58%</td>
</tr>
<tr>
<td>E.H. 2: There is a positive relationship between recruitment selectivity scores and adaptation scores.</td>
<td>8</td>
<td>7</td>
<td>88%</td>
<td>1</td>
<td>12%</td>
</tr>
<tr>
<td>E.H. 3: There is a positive relationship between recruitment selectivity scores and integration scores.</td>
<td>10</td>
<td>4</td>
<td>40%</td>
<td>6</td>
<td>60%</td>
</tr>
<tr>
<td>E.H. 4: There is a positive relationship between recruitment selectivity scores and latency scores.</td>
<td>10</td>
<td>1</td>
<td>10%</td>
<td>9</td>
<td>90%</td>
</tr>
</tbody>
</table>

(relationships between independent and dependent variables)
Table 5.7. (continued)

<table>
<thead>
<tr>
<th>Empirical Hypothesis</th>
<th>Number of Relationships Tested</th>
<th>Number Supporting Hypothesis</th>
<th>Supporting Percent</th>
<th>Number Not Supporting Hypothesis</th>
<th>Not Supporting Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.H. 5: There is a positive relationship between socialization scores and goal attainment scores.</td>
<td>12</td>
<td>4</td>
<td>33</td>
<td>8</td>
<td>67</td>
</tr>
<tr>
<td>E.H. 6: There is a positive relationship between socialization scores and adaptation scores.</td>
<td>8</td>
<td>5</td>
<td>63</td>
<td>3</td>
<td>37</td>
</tr>
<tr>
<td>E.H. 7: There is a positive relationship between socialization scores and integration scores.</td>
<td>10</td>
<td>2</td>
<td>20</td>
<td>8</td>
<td>80</td>
</tr>
<tr>
<td>E.H. 8: There is a positive relationship between socialization scores and latency scores.</td>
<td>10</td>
<td>2</td>
<td>20</td>
<td>8</td>
<td>80</td>
</tr>
<tr>
<td>E.H. 9: There is a positive relationship between communication scores and goal attainment scores.</td>
<td>12</td>
<td>2</td>
<td>17</td>
<td>10</td>
<td>83</td>
</tr>
</tbody>
</table>
Table 5.7. (continued)

<table>
<thead>
<tr>
<th>Empirical Hypothesis</th>
<th>Number of Relationships Tested</th>
<th>Number Supporting Hypothesis</th>
<th>Percent</th>
<th>Number Not Supporting Hypothesis</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.H. 10: There is a positive relationship between communication scores and adaptation scores.</td>
<td>8</td>
<td>4</td>
<td>50</td>
<td>4</td>
<td>50</td>
</tr>
<tr>
<td>E.H. 11: There is a positive relationship between communication scores and integration scores.</td>
<td>10</td>
<td>2</td>
<td>20</td>
<td>8</td>
<td>80</td>
</tr>
<tr>
<td>E.H. 12: There is a positive relationship between communication scores and latency scores.</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>Total relationships between independent and dependent variables:</td>
<td>120</td>
<td>38</td>
<td>32</td>
<td>82</td>
<td>68</td>
</tr>
<tr>
<td>(Relationships between dependent variables):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.H. 13: There is a positive relationship between goal attainment scores and adaptation scores.</td>
<td>24</td>
<td>11</td>
<td>46</td>
<td>13</td>
<td>54</td>
</tr>
</tbody>
</table>
Table 5.7. (continued)

<table>
<thead>
<tr>
<th>Empirical Hypothesis</th>
<th>Number of Relationships Tested</th>
<th>Number Supporting Hypothesis</th>
<th>Percent</th>
<th>Number Not Supporting Hypothesis</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.H. 14: There is a positive relationship between goal attainment scores and integration scores.</td>
<td>30</td>
<td>6</td>
<td>20</td>
<td>24</td>
<td>80</td>
</tr>
<tr>
<td>E.H. 15: There is a positive relationship between goal attainment scores and latency scores.</td>
<td>30</td>
<td>6</td>
<td>20</td>
<td>24</td>
<td>80</td>
</tr>
<tr>
<td>E.H. 16: There is a positive relationship between adaptation scores and integration scores.</td>
<td>20</td>
<td>7</td>
<td>35</td>
<td>13</td>
<td>65</td>
</tr>
<tr>
<td>E.H. 17: There is a positive relationship between adaptation scores and latency scores.</td>
<td>20</td>
<td>1</td>
<td>5</td>
<td>19</td>
<td>95</td>
</tr>
<tr>
<td>E.H. 18: There is a positive relationship between integration scores and latency scores.</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>Total relationships between dependent variables:</td>
<td>149</td>
<td>31</td>
<td>21</td>
<td>118</td>
<td>79</td>
</tr>
</tbody>
</table>
While none of the empirical hypotheses are supported by all items used to measure the major concepts, some of the hypotheses were more strongly supported than others. For instance, Table 5.7 suggests a moderate to comparatively strong relationship between the independent concepts and adaptation (See Table 5.7 -- E.H. 2, E.H. 6, and E.H. 10). The least supported hypotheses are those predicting the relationships between the independent concepts and latency (See Table 5.7 -- E.H. 4, E.H. 8, and E.H. 12). When the hypotheses predicting the relationships between the dependent concepts are considered, the strongest support is found for E.H. 13 which focuses on the relationship between goal attainment and adaptation. The weakest relationship is found between adaptation and latency (E.H. 17) and integration and latency (E.H. 18).

In spite of the fact that some of the hypotheses lack strong empirical support, findings do appear to lend some support to the feasibility of the social system approach to the evaluation of the effectiveness of economic organizations. Had goals been used as the sole criteria of effectiveness, many of the relationships included would have been missed. Furthermore, out of the 120 correlations for items measuring the three selected social processes and the criteria of effectiveness, 30 percent of the relationships focusing on goal attainment are significant in the
predicted direction. For nongoal items, 32 percent of the relationships are significant in the predicted direction. Although slight, there are two percent more significant non-goal relationships.

Multiple regressions

The primary concern in this dissertation is with the presumed relationship between the independent and dependent variables. Therefore, to further assess the relationship between selectivity, socialization, communication, and effectiveness the data were analyzed by multiple regression. In the following tables, the results will be shown for the combined effects of recruitment selectivity, socialization, and communication upon effectiveness, as well as the contribution of each of these concepts to effectiveness. The F-ratios showing the combined effects are based on 6 and 75 degrees of freedom, while the F-ratios for each independent concept is in a partial framework based on 1 and 75 degrees of freedom. The variable numbers referred to are the same as those used to report findings based on zero-order correlations. Multiple R and R-square values for regression variables are shown in Appendix E. The $R^2$ values refer to the amount of explained variation. It is obtained by dividing the sum of squares due to regression by the total sum of squares. In other words, the $R^2$ measures the total variation about the mean $Y$ bar explained by the regression (Draper and Smith, 1966:26).
The combined effects of the two dimensions for each of the three independent concepts on each of the criteria of effectiveness are presented in Tables 5.8 to 5.11.

Table 5.8. Regression of Independent Concepts With Items Measuring Adaptation

<table>
<thead>
<tr>
<th>Concepts measuring Adaptation</th>
<th>Selectivity, Socialization, and Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Multiple</td>
</tr>
<tr>
<td></td>
<td>R</td>
</tr>
<tr>
<td>Means of adapting to the external environment, Var. 406(M)</td>
<td>.534</td>
</tr>
<tr>
<td>Progressivism-traditionalism orientation, Var. 407(O)</td>
<td>.446</td>
</tr>
<tr>
<td>Risk orientation, Var. 408(O)</td>
<td>.484</td>
</tr>
<tr>
<td>Ratio of average sales to average net operating revenue, Var. 409(E)</td>
<td>.561</td>
</tr>
</tbody>
</table>

*Significant at the .05 level.
**Significant at the .01 level.

Table 5.9. Regression of Independent Concepts with Items Measuring Integration

<table>
<thead>
<tr>
<th>Concepts measuring Integration</th>
<th>Selectivity, Socialization, and Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Multiple</td>
</tr>
<tr>
<td></td>
<td>R</td>
</tr>
<tr>
<td>General organization of firm, Var. 410(M)</td>
<td>.605</td>
</tr>
<tr>
<td>Organizational budget use, Var. 411(M)</td>
<td>.547</td>
</tr>
</tbody>
</table>

**Significant at the .01 level.
Table 5.9. (continued)

<table>
<thead>
<tr>
<th>Concepts measuring Integration</th>
<th>Selectivity, Socialization, and Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Multiple R</td>
</tr>
<tr>
<td>Orientation toward individualism, Var.412(O)</td>
<td>.114</td>
</tr>
<tr>
<td>Average sales, Var.413(E)</td>
<td>.227</td>
</tr>
<tr>
<td>Employee turnover, Var.414(E)</td>
<td>.320</td>
</tr>
</tbody>
</table>

Table 5.10. Regression of Independent Concepts With Items Measuring Latency

<table>
<thead>
<tr>
<th>Concepts measuring Latency</th>
<th>Selectivity, Socialization, and Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Multiple R</td>
</tr>
<tr>
<td>Positive attitudes toward means of increasing employee production, Var.415(O)</td>
<td>.339</td>
</tr>
<tr>
<td>Negative attitudes toward means of increasing employee production, Var.416(O)</td>
<td>.215</td>
</tr>
<tr>
<td>Manager satisfaction with authority, Var.417(E)</td>
<td>.250</td>
</tr>
<tr>
<td>Job satisfaction, Var.418(E)</td>
<td>.403</td>
</tr>
<tr>
<td>Community satisfaction, Var. 419(E)</td>
<td>.333</td>
</tr>
</tbody>
</table>

*Significant at the .05 level.
Table 5.11. Regression of Independent Concepts with Items Measuring Goal Attainment

<table>
<thead>
<tr>
<th>Concepts measuring Goal Attainment</th>
<th>Selectivity, Socialization, and Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Multiple R</td>
</tr>
<tr>
<td>Orientation toward profit, Var.420(O)</td>
<td>.219</td>
</tr>
<tr>
<td>Manager perception of employee influence on goals, Var.421(O)</td>
<td>.309</td>
</tr>
<tr>
<td>Ability to make and implement major decisions, Var.422(M)</td>
<td>.486</td>
</tr>
<tr>
<td>Ratio of savings to fixed assets, Var.423(E)</td>
<td>.468</td>
</tr>
<tr>
<td>Average net savings, Var.424(E)</td>
<td>.566</td>
</tr>
<tr>
<td>Position satisfaction, Var.425(E)</td>
<td>.316</td>
</tr>
</tbody>
</table>

**Significant at the .01 level.

Ten (10) of the twenty (20) F-ratios are statistically significant. Eight are significant at the .01 level, and two are significant at the .05 level. The combined influence of selectivity, socialization, and communication is significantly related to each of the items measuring adaptation, three of the six goal attainment items, two integration items, and one of the five items measuring latency.

The separate contributions of selectivity, socialization, and communication to effectiveness are presented in Tables 5.12 to 5.15.
Table 5.12. Partial Regression Coefficients and Respective F-Ratios of Items Measuring Independent Concepts with Items Measuring Adaptation

<table>
<thead>
<tr>
<th>Concepts measuring Adaptation</th>
<th>Mean</th>
<th>Socialization</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selectivity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Var.404</td>
<td>.307</td>
<td>.180</td>
<td>-.129</td>
</tr>
<tr>
<td>Var.405</td>
<td>(1.508)</td>
<td>(0.606)</td>
<td>(1.121)</td>
</tr>
<tr>
<td>Var.402</td>
<td>.268</td>
<td>.371</td>
<td>-.087</td>
</tr>
<tr>
<td>Var.403</td>
<td>(2.416)</td>
<td>(5.690)*</td>
<td>(0.077)</td>
</tr>
<tr>
<td>Var.400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Var.401</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Means of adapting to the external environment, Var.406

Progressivism-traditionalism orientation, Var.407

Risk orientation, Var.408

Ratio of average sales to average net operating revenue, Var.409

*Significant at the .05 level.
**Significant at the .01 level.
^+B/F = Regression coefficient, B, and F-Ratio, (F), respectively.
Table 5.13. F-Ratios of Items Measuring Independent Concepts With Items Measuring Integration

<table>
<thead>
<tr>
<th>Concepts measuring Integration</th>
<th>Selectivity</th>
<th>Socialization</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Var.404</td>
<td>Var.405</td>
<td>Var.402</td>
</tr>
<tr>
<td></td>
<td>B/(F)+</td>
<td>B/(F)+</td>
<td>B/(F)+</td>
</tr>
<tr>
<td>General organization of the firm, Var.410</td>
<td>-.127 (0.436)</td>
<td>.348 (3.816)</td>
<td>-.052 (0.309)</td>
</tr>
<tr>
<td>Budget use, Var.411</td>
<td>.083 (0.336)</td>
<td>.186 (1.963)</td>
<td>-.068 (0.944)</td>
</tr>
<tr>
<td>Orientation toward individualism, Var.412</td>
<td>.004 (0.002)</td>
<td>.013 (0.025)</td>
<td>-.002 (0.003)</td>
</tr>
<tr>
<td>Average sales, Var.413</td>
<td>-.050 (0.308)</td>
<td>.055 (0.436)</td>
<td>-.004 (0.009)</td>
</tr>
<tr>
<td>Employee turnover, Var.414</td>
<td>-.096 (1.191)</td>
<td>.042 (0.270)</td>
<td>-.038 (0.805)</td>
</tr>
</tbody>
</table>

*Significant at the .05 level.  
**Significant at the .01 level.
<table>
<thead>
<tr>
<th>Concepts measuring Latency</th>
<th>Selectivity</th>
<th>Socialization</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Var.404</td>
<td>Var.405</td>
<td>Var.402</td>
</tr>
<tr>
<td></td>
<td>B/(F)+</td>
<td>B/(F)+</td>
<td>B/(F)+</td>
</tr>
<tr>
<td>Positive attitudes toward means of increasing employee production, Var.415</td>
<td>-0.074</td>
<td>0.001</td>
<td>-0.048</td>
</tr>
<tr>
<td></td>
<td>(0.712)</td>
<td>(0.000)</td>
<td>(1.288)</td>
</tr>
<tr>
<td>Negative attitudes toward means of increasing employee production, Var.416</td>
<td>0.042</td>
<td>-0.068</td>
<td>0.046</td>
</tr>
<tr>
<td></td>
<td>(0.220)</td>
<td>(0.663)</td>
<td>(1.109)</td>
</tr>
<tr>
<td>Satisfaction with authority, Var.417</td>
<td>0.079</td>
<td>0.026</td>
<td>0.017</td>
</tr>
<tr>
<td></td>
<td>(0.776)</td>
<td>(0.906)</td>
<td>(0.161)</td>
</tr>
<tr>
<td>Job satisfaction, Var.418</td>
<td>-0.133</td>
<td>0.165</td>
<td>0.092</td>
</tr>
<tr>
<td></td>
<td>(2.463)</td>
<td>(4.434)*</td>
<td>(5.016)*</td>
</tr>
<tr>
<td>Community satisfaction, Var.419</td>
<td>-0.031</td>
<td>0.161</td>
<td>0.051</td>
</tr>
<tr>
<td></td>
<td>(0.122)</td>
<td>(3.941)</td>
<td>(1.418)</td>
</tr>
</tbody>
</table>

*Significant at the .05 level.
Table 5.15. F-Ratios of Items Measuring Independent Concepts and Goal Attainment

<table>
<thead>
<tr>
<th>Concepts measuring Goal Attainment</th>
<th>Selectivity (Var.404)</th>
<th>Socialization (Var.402)</th>
<th>Communication (Var.400)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit orientation, Var.420</td>
<td>B/(F)+ .133</td>
<td>B/(F)+ .006</td>
<td>B/(F)+ -0.063</td>
</tr>
<tr>
<td>Manager perception of employee influence on goals, Var.421</td>
<td>(2.150) (0.067) (0.018) (1.010) (0.040)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to make and implement major decisions, Var.422</td>
<td>-0.082 (0.428)</td>
<td>-0.29 (1.434)*</td>
<td>-0.189 (2.804)</td>
</tr>
<tr>
<td>Ratio of savings to fixed assets, Var.423</td>
<td>-0.408 (6.767)*</td>
<td>-0.198 (15.255)**</td>
<td>-0.189 (1.344)</td>
</tr>
<tr>
<td>Average net savings, Var.424</td>
<td>-0.068 (1.054)</td>
<td>-0.059 (0.920)</td>
<td>-0.054 (2.317)</td>
</tr>
<tr>
<td>Position satisfaction, Var.425</td>
<td>-0.168 (1.054)</td>
<td>-0.059 (0.920)</td>
<td>-0.054 (2.317)</td>
</tr>
</tbody>
</table>

*Significant at the .05 level.
**Significant at the .01 level.
The actual criteria considered in the selection of managers are significantly related to risk orientation and the ratio of savings to fixed assets. The perceptions managers have of themselves are significantly related to job satisfaction and the ability to make and implement major decisions. The socialization of managers is significantly related to the ratio of average sales to average net operating revenue, job satisfaction, the ratio of savings to fixed assets, and average net savings. The partial regression coefficients for the socialization of employees show significant relationships between employee socialization and progressivism-traditionalism orientations of managers, the general organization of the firm, positive attitudes of managers toward means of increasing employee production, and the ability of managers to make and implement major decisions. Finally, the means of communication are significantly related to the means of adapting to the external environment, the ratio of average sales to average net operating revenue, the general organization of the firm, budget use, and the amount of satisfaction managers express in the amount of authority given to them by their boards of directors. Findings show no significant relationships between the amount of communication and effectiveness.

The implications of the findings presented in this chapter are presented in the following chapter. The primary concern is with the hypothesized relationships between the independent
concepts and the dependent concepts. However, some attention will be given to the relationships between the dependent concepts.
CHAPTER 6.
DISCUSSION AND IMPLICATIONS

The findings presented in the last chapter have several implications in terms of the social system approach to organizational effectiveness. Although the items measuring recruitment selectivity, socialization, and communication were not always related to the items measuring effectiveness in the predicted direction, there is much evidence that the social system approach has certain advantages over the use of the formal goals approach to organizational effectiveness. This chapter discusses the implications of the findings. The primary focus is on the relationship between the three independent concepts and the four effectiveness criteria. However, some attention will be given to the intercorrelations between the dependent concepts. The purpose is not to exhaust the number of possible implications, but to discuss those which appear most relevant to the evaluation of the effectiveness of an economic organization.

Each of the hypotheses predicted a positive relationship between two concepts. For the most part, the findings show only partial support for the hypotheses tested. Most of the zero-order correlations are positive, but not statistically significant. Some of the correlations are negative, but very few are statistically significant at the .05 level or better.
A major problem is encountered with different items measuring single concepts. Many of the inconsistencies noted in the last chapter resulted from a lack of consistency between two or more items chosen as measures of different dimensions of the same concept. This supports the views of those who recognize that measurement is a major problem affecting empirical studies of organizational effectiveness.

**Recruitment Selectivity and Effectiveness**

Mulford et al. (1972:16) reported a significant positive relationship between recruitment selectivity and effectiveness in the normative organization they studied. Findings in this dissertation show recruitment selectivity to be most related to effectiveness in terms of adaptation. The criteria believed to have been considered in the actual selection of cooperative managers are directly related to the ability of cooperatives to adapt to their external environment. Seven of the eight zero-order correlations showing the relationship between recruitment selectivity and adaptation are statistically significant. On the other hand, recruitment selectivity is not highly related when effectiveness is viewed from the standpoint of latency. Only one of the ten (10) items used to test the relationship between recruitment selectivity and latency is statistically significant. The perceptions managers have of themselves as managers are significantly and positively related to the satisfaction they express in their communities. It is possible that
community satisfaction may be influenced by factors other than the participation of managers in farmer cooperatives. On the other hand, it may be that managers who see their role as manager as being important to the community are more inclined to express satisfaction with their community than managers who look upon their managerial role as being less important. Thus, managers holding more positive self-concepts of themselves as managers are likely to express greater satisfaction in their community than those whose perceptions of themselves are less positive.

The relationship between recruitment selectivity and integration is somewhat stronger than the one between recruitment selectivity and latency. Four of the ten (10) items measuring the relationship are significantly and positively correlated (See Tables 5.1 and 5.7). The selection of managers is especially related to the ability of managers to organize their cooperatives and the manner in which they plan and make use of budgets in their organizations.

Based on studies by Mulford et al. (1972), Padgitt (1972), and Sherlock and Morris (1967:27-46), a much stronger relationship was expected between recruitment selectivity and goal attainment than actually found in this dissertation. Only five of the twelve (12) items showing the relationship between recruitment selectivity and goal attainment are positively and significantly correlated (See Table 5.7). The criteria believed
to have been considered in the selection of managers and the perceptions managers have of themselves are both significantly related to the ability of managers to make and implement major decisions and the average net savings of the cooperatives. The criteria considered in the selection of managers are also significantly correlated with the profit orientations of managers. It is the only measure of the independent concepts which is significantly related to orientations toward profit. The highest single correlation in terms of goal attainment is between the perceptions managers have of themselves and their ability to make and implement major decisions. Findings based on zero-order correlations show no significant relationships between recruitment selectivity and the following measures of goal attainment:

1. Managers' perceptions of the influence employees have on goals (O)
2. The ratio of savings to fixed assets (E)
3. The satisfaction managers express with their positions as managers (E)

There is virtually no relationship between recruitment selectivity and position satisfaction (See Table 5.1). Position satisfaction could possibly be a poor measure of organizational effectiveness when goal attainment is considered with recruitment selectivity. A logical inference is that recruitment selectivity is based on presumed orientations toward the collective
goals of the organization rather than on the private goals of individuals within the organization.

Findings based on multiple regressions show recruitment selectivity to be significantly related to organizational effectiveness in terms of the items shown in Table 6.1. The $R^2$ values for all regressions are shown in Appendix E.

Table 6.1. F-Ratios for Significant Relationships Between Selectivity Items and Items Measuring Effectiveness

<table>
<thead>
<tr>
<th>Dependent Concepts</th>
<th>Actual Criteria</th>
<th>Perceptions of Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F-Ratio</td>
<td>F-Ratio</td>
</tr>
<tr>
<td><strong>Adaptation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk orientation</td>
<td>6.587*</td>
<td>N.S. (^a)</td>
</tr>
<tr>
<td><strong>Latency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>N.S.</td>
<td>4.434*</td>
</tr>
<tr>
<td><strong>Goal Attainment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to make and implement major decisions</td>
<td>N.S.</td>
<td>4.482*</td>
</tr>
<tr>
<td>Ratio-savings/fixed assets</td>
<td>6.767*</td>
<td>N.S.</td>
</tr>
</tbody>
</table>

\(^a\)Not statistically significant.

*Significant at the .05 level with 1 and 75 degrees of freedom.

The criteria considered in selecting managers of farmer cooperatives are related to the orientations of managers toward risk and the ratio of savings to fixed assets in the organizations.
Some degree of risk is involved in all operations of organizations (Parsons, 1960:22-23). Conceivably, the willingness of managers to take risks could have some influence on the decision of the boards of directors to hire persons to perform managerial roles. Related to this is the fact that the means used by managers to train their employees and the means of communication employed by managers are also related to risk orientations. There is also some indication that cooperatives whose managers have positive attitudes towards their employees are more effective than those whose managers hold negative attitudes toward their employees. They are more likely to be concerned with the training and development of their employees (See Table 5.2).

Finally, there is some indication that the careful selection of managers may tend to reduce employee turnover. This is suggested by the negative, though unpredicted, relationship between the selection of managers and employee turnover. Had the .10 level been chosen, the correlation of -.163 would have been statistically significant. On the other hand, the perceptions managers have of themselves show almost no relationship ($r=-.012$) with employee turnover.

Padgitt (1972:37) found the highest correlation in her study of normative organizations to be between selectivity and adaptation. A similar relationship exists in the economic organization studied in this dissertation. Of the eight items
measuring the relationship between the two concepts, three are significant at the .001 level, three at the .01 level, and one at the .05 level. The one nonsignificant correlation is between the perceptions managers have of themselves and risk orientations where a correlation of .091 suggests practically no relationship.

As predicted, the actual criteria considered in the selection of managers and the perceptions managers have of themselves are both positively and significantly related to the following items measuring effectiveness (See Table 5.1):

**Goal Attainment**

1. The ability to make and implement major decisions (M)
2. Average net savings (E)

**Adaptation**

3. Means of adapting to the external environment (M)
4. Manager orientations toward progressivism and traditionalism (Q)
5. The ratio of average sales to average net operating revenue (E)

**Integration**

6. General organization of the firm
7. Organizational budget use

In general, recruitment selectivity is more highly correlated with adaptation than with the other three criteria of
effectiveness (See Table 5.7). It correlates second highest with goal attainment, third with integration, and fourth with latency.

Although the findings shown in Table 5.1 are inconsistent, they do provide some insight into the relationship between recruitment selectivity and effectiveness in an economic organization.

Socialization and Organizational Effectiveness

Empirical studies by Mulford et al. (1972:16) and Padgitt (1972) show a positive and significant relationship between socialization and organizational effectiveness. Such a relationship is also suggested in the works of Etzioni (1961) and Dobriner (1969). The relationship between socialization and effectiveness in farmer cooperatives is inconsistent, especially when all items measuring effectiveness are considered together. The means used by managers to train and develop their employees are significantly correlated with each of the four items measuring adaptation. In general, there is a stronger relationship between the socialization experiences of managers themselves and effectiveness. Surprisingly few significant positive correlations are found between socialization and integration. Since Etzioni (1961:142) says organizational socialization "is concerned with the processes by which the beliefs, norms, and perspectives of participants are brought in line with
those of the organization", it was also expected that a much higher relationship would exist between socialization and latency. Only two of the ten relationships tested are significant in the predicted direction (See Table 5.7). However, it is possible that the marginal relationship between socialization and effectiveness can be explained, in part, by the uniqueness of farmer cooperatives as formal organizations. Compared with large corporations, local farmer cooperatives are small and function in a more gemeinschaft-like environment. The cooperatives studied in this dissertation range in size from one to fifty employees. The average size is 10.9 employees.

Still another factor possibly affecting the observed relationship between socialization is the meaning of "lower participants". Both managers and employees are viewed as lower participants in relation to a board of directors in the cooperative. While both items measuring socialization are based on the means of socialization, they focus on different levels of lower participants. Also, the measurement items in this dissertation do not focus on the contents of socialization to any appreciable degree. Thus, taken together, the two items measuring socialization are significantly related to only one effectiveness item, that is, the ratio of average sales to average net operating revenue—a measure of adaptation.
The socialization of managers is significantly and positively related to effectiveness in terms of the following items (See Table 5.2):

**Goal Attainment**

1. Ratio of savings to fixed assets \( (r=0.343) \), significant at the .001 level (E)
2. Average net savings \( (r=0.467) \), significant at the .001 level (E)
3. Position satisfaction \( (r=0.203) \), significant at the .05 level (E)

**Adaptation**

4. Ratio of average sales to average net operating revenue \( (r=0.301) \), significant at the .01 level (E)

**Integration**

None

**Latency**

5. Job satisfaction \( (r=0.271) \), significant at the .01 level (E)

The means used by managers to train their employees are significantly and positively related to the following effectiveness items (See Table 5.2):

**Goal Attainment**

1. The ability of managers to make and implement major decisions \( (r=0.346) \), significant at the .001 level (M)
Adaptation

2. Means of adapting to the external environment 
   \( r = .356 \), significant at the .001 level (M)

3. Manager orientations toward progressivism and 
   traditionalism \( r = .377 \), significant at the .001 
   level (O)

4. Risk orientations of managers \( r = .239 \), signif-
   icant at the .05 level (O)

5. The ratio of average sales to average net oper-
   ating revenue \( r = .329 \), significant at the .001 
   level (E)

Integration

6. General organization of the firm \( r = .422 \), sig-
   nificant at the .001 level (M)

7. Organizational budget use \( r = .371 \), significant 
   at the .001 level (M)

Latency

8. Positive attitudes of managers concerning means 
   of increasing employee production \( r = .279 \), sig-
   nificant at the .01 level (O)

No significant positive relationships exist between sociali-
ization and the following measures of effectiveness in farmer co-
operatives (See Table 5.2):
Goal Attainment

1. Orientations of managers toward profit (O)
2. The perceptions of managers toward the influence employees have on goals (O)

Integration

3. Orientations of managers toward individualism (O)
4. Average sales (E)
5. Employee turnover (E)

Latency

6. Negative attitudes of managers toward means of increasing employee production (O)
7. Manager satisfaction with the authority given to them by the boards of directors (E)
8. Community satisfaction (E)

Based on the number of significant correlations, there is evidence that in farmer cooperatives the socialization experiences of managers are most related to goal attainment; and the means used by managers to socialize their employees are most related to adaptation. The socialization of managers is related to adaptation only in terms of the ratio of average sales to average net operating revenue, whereas the means used by managers to socialize employees is related to goal attainment only in terms of the ability of managers to make and implement major decisions. Despite the fact that socialization experiences of managers are not significantly related to integration, there is evidence that managers
do take the importance of this function into consideration in the performance of their role as manager. This is suggested by the significant correlations between the means used by managers to train their employees, the general organization of the firm, and organizational budget use (See Table 5.2).

Further examination of the findings shows socialization to be less related to the internal problems of integration and latency than to the external problems of goal attainment and adaptation. Significant positive correlations for items measuring the major concepts show socialization to be most highly related to adaptation, second to goal attainment, and least related to integration and latency (See Table 5.7). This is similar to the relationship observed between recruitment selectivity and effectiveness.

Next, findings based on multiple regression show the two measures of socialization to be significantly related to the items of effectiveness as shown in Table 6.2 on p. 189.

Especially noticeable are the high F-ratios showing the influence of socialization experiences of managers on the ratio of savings to fixed assets and average net savings. Presumably, the ability of managers to make and implement major decisions is directly related to the means they use to train and develop their
Table 6.2. F-Ratios for Significant Relationships Between Socialization of Managers, Socialization of Employees, and Effectiveness

<table>
<thead>
<tr>
<th>Dependent Concepts</th>
<th>Socialization of Managers F-Ratio</th>
<th>Socialization of Employees F-Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal Attainment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio of savings to fixed assets (E)</td>
<td>15.255**</td>
<td>N.S. a</td>
</tr>
<tr>
<td>Average net savings (E)</td>
<td>25.506**</td>
<td>N.S.</td>
</tr>
<tr>
<td>Ability of managers to make and implement major decisions (M)</td>
<td>N.S.</td>
<td>4.134*</td>
</tr>
<tr>
<td><strong>Adaptation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager orientations toward progressivism and traditionalism (O)</td>
<td>N.S.</td>
<td>4.944*</td>
</tr>
<tr>
<td>Ratio of average sales to average net operating revenue (E)</td>
<td>8.966**</td>
<td>N.S.</td>
</tr>
<tr>
<td><strong>Integration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General organization of the firm (M)</td>
<td>N.S.</td>
<td>5.413*</td>
</tr>
<tr>
<td><strong>Latency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive attitudes of managers toward means of increasing employee production (O)</td>
<td>N.S.</td>
<td>6.749*</td>
</tr>
<tr>
<td>Job satisfaction (E)</td>
<td>5.016*</td>
<td>N.S.</td>
</tr>
</tbody>
</table>

aN: Not statistically significant.

**Significant at the .01 level with 1 and 75 degrees of freedom.

*Significant at the .05 level with 1 and 75 degrees of freedom.
employees. Similar implications can also be made concerning
the progressive-traditional orientations of managers, the
general organization of cooperatives, and the positive atti-
tudes managers have toward their employees.

The ability to make rational decisions is necessary for
the successful management of any organization. While the so-
cialization experiences of managers contribute greatly to goal
attainment in farmer cooperatives, there is evidence that sociali-
zation experiences of managers contribute little to their abil-
ity to achieve integration within the organizations. This is
suggested by the fact that socialization experiences of managers
are not significantly related to any of the items measuring inte-
gration. Inasmuch as two of the zero-order correlations showing
the relationship between socialization of employees and integra-
tion are significant in the predicted direction, a logical infer-
ence is that the means used by managers to train and develop their
employees influence organizational integration. However, it can
also be argued that this is a consequence of the socialization
experiences of managers; because without knowledge of the appro-
priate means for training their employees, managers would be un-
able to achieve the minimum integration necessary for the survival
and success of the organization. The two integration items which
are significantly related to the socialization of employees are
the general organization of the firm and organizational budget use.
In general, the relationship between socialization and effectiveness is lower than expected. The socialization of managers is most highly related to goal attainment, while the means used by managers to provide for the socialization of their employees are most highly related to adaptation. A comparatively weak relationship exists between socialization and the internal problems of integration and latency, with the exception of the general organization of the firm, budget use, and positive attitudes toward means of increasing employee production. Socialization experiences of managers are significantly related to only one item measuring latency, that is, job satisfaction. In this case, it is highly possible that appropriate socialization provides managers with the necessary skills, knowledge, and attitudes that make them more competent and more satisfied with their jobs. It is logical to expect that managers who have been more adequately socialized for their roles tend to be more successful, so they express greater satisfaction in their job than managers whose socialization experiences are inadequate.

Findings in Table 6.2 show the socialization of managers to be significantly related to certain items measuring goal attainment, adaptation, and latency; but the socialization experiences of managers in farmer cooperatives are not significantly related to any of the items measuring integration when the partial regression coefficients are considered. The
significant F-ratios are for items designating means and ends of effectiveness. The socialization of employees is not significantly related to goal attainment, but it is significantly related to the progressive-traditional orientations of managers, the general organization of the firm, and the positive attitudes managers have toward means of increasing employee production. Thus, in terms of intervening concepts, the socialization of employees is related to items designating orientations and means.

In general, the relationship between socialization and effectiveness in farmer cooperatives shows an inconsistent pattern. In part, this may be attributed to measurement errors, the unique characteristics of farmer cooperatives, and the gemeinschaft-like environment in which the organizations are located.

According to Etzioni (1961:144), economic organizations rely heavily on external agencies for the initial socialization of lower participants. This may not be the case in local farmer cooperatives. The managers of some of the cooperatives indicated a willingness to accept anyone who could "do the job" with no reference to any specific skills which required specialized preliminary training. However, findings in this dissertation show that both managers and employees received special training in some specialized areas once they entered the organization.
Finally, the items measuring socialization in this dissertation focus on instrumental rather than expressive socialization. Etzioni (1961:144) says expressive socialization is more characteristic of normative organizations, but a limited amount may be carried out by solidary work groups within economic organizations. This may be one reason for the limited number of significant zero-order correlations between socialization and latency shown in Table 5.2.

Communication and Effectiveness

Much has been written about the influence of communication in formal organizations. Yet, research in communication has lagged behind studies focusing on other aspects of organizational behavior (Guetzkow, 1965:569). As formal organizations, farmer cooperatives have encountered major communication problems since they came into existence. According to the Farmer Cooperative Service (1965:49), "Cooperatives have found they must adjust and adapt their communication activities just as they do their operations."

Findings in this dissertation suggest that the means of communication are more important than the amount of communication in farmer cooperatives. The means of communication used by managers to communicate with their employees ranged from informal verbal sessions to regularly scheduled formal meetings. For the most part, managers made use of verbal means of communication. However, several respondents indicated the use of a combination of verbal and written means of communication. The amount of communication is not positively and significantly related to any of
the twenty (20) items used as measures of effectiveness. In one instance it is negatively correlated to an effectiveness measure at the .03 level. The frequency with which managers associate with their employees is negatively correlated with the amount of satisfaction managers express with their communities. On the other hand, the means of communication are negatively and significantly correlated with employee turnover. It may be recalled that a high, but nonsignificant, negative correlation exists between the criteria believed to have been considered in the selection of managers and employee turnover. Thus, a possible implication is that careful recruitment of cooperative managers along with the use of appropriate means of communication by managers may enhance organizational effectiveness by minimizing the rate of employee turnover.

Both the means of communication and criteria considered in the selection of managers are positively and significantly related to all items measuring adaptation and the same two items measuring integration (See Tables 5.1 and 5.3). On the other hand, neither is significantly related to any of the items measuring latency. Communication is necessary to achieve integration. In farmer cooperatives, integration depends on the means of communication rather than on the amount of communication.

The means of communication are positively and significantly correlated with:
Goal Attainment

1. Ability of managers to make and implement major decisions ($r = 0.323$), significant at the .002 level (M)

2. Average net savings ($r = 0.240$), significant at the .015 level (E)

Adaptation

3. Means of adapting to the external environment ($r = 0.452$), significant at the .001 level (M)

4. Orientations toward progressivism and traditionalism ($r = 0.271$), significant at the .007 level (O)

5. Risk orientations ($r = 0.394$), significant at the .001 level (O)

6. Ratio of average sales to average net operating revenue ($r = 0.406$), significant at the .001 level (E)

Integration

7. General organization of the firm ($r = 0.531$), significant at the .001 level (M)

8. Organizational budget use ($r = 0.458$), significant at the .001 level (M)

Latency

None.

Significant F-ratios based on multiple regressions are shown in Table 6.3.
Table 6.3. F-Ratios for Significant Relationships Between the Means and Amount of Communication and Effectiveness

<table>
<thead>
<tr>
<th>Dependent Concepts</th>
<th>Means of Communication F-Ratio</th>
<th>Amount of Communication F-Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adaptation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Means of adapting to the external environment</td>
<td>5.690*</td>
<td>N.S. a</td>
</tr>
<tr>
<td>Ratio of average sales to average net operating revenue</td>
<td>4.701*</td>
<td>N.S.</td>
</tr>
<tr>
<td><strong>Integration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General organization of the firm</td>
<td>14.290**</td>
<td>N.S.</td>
</tr>
<tr>
<td>Budget use</td>
<td>6.694*</td>
<td>N.S.</td>
</tr>
<tr>
<td><strong>Latency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction with authority</td>
<td>4.251*</td>
<td>N.S.</td>
</tr>
</tbody>
</table>

aNot statistically significant.

*Significant at the .05 level with 1 and 75 degrees of freedom.

**Significant at the .01 level with 1 and 75 degrees of freedom.

The significant F-ratio for means of communication and satisfaction with authority is a negative relationship. The zero-order correlation for the relationship is -.165 which is significant at the .070 level rather than the .05 level suggested above.

The use of appropriate means of communication influences effectiveness by enabling farmer cooperatives to more successfully
adapt to the external environment and to achieve greater integration within the organizations. The means of communication also contribute to goal attainment, but the effects are not as great as expected. Only the ability of managers to make and implement major decisions and average net savings are significantly correlated with the means of communication so far as goal attainment is concerned.

Particularly interesting is the relationship between the means of communication and the general organization of the firm, a measure of integration (See Table 5.3). The means of communication contribute more to the general organization of farmer cooperatives than to any of the indices of organizational effectiveness. Considerable support is given to the statements by Warren, Beal, and Bohlen (1967:74) that:

Communication and control are important in coordinating the efforts of the individuals and subsystems toward the common goal. Both formal (channeled) communication and informal communication are important in the coordination of activities and efforts. . . . Planning, organizing, directing, coordinating and controlling are the classical concepts in management.

In local farmer cooperatives, most communication is face-to-face. However, a number of managers supplement face-to-face communication with periodic group meetings. While some use is made of written communication, it is not as extensive as in more complex formal organizations.
In general, findings in this dissertation provide several possible implications concerning the relationship between communication and effectiveness. However, the information provided is too limited to conclude that to understand communication is to understand the organization in which it occurs (Rubenstein and Haberstroh, 1966:368). The data upon which this dissertation is based are too limited to make generalizations about the total impact of communication on organizational behavior. For example, none of the items in this study deals with the content or channels of communication. As suggested by Guetzkow (1965:569), much additional research is needed to fully understand the relationship between communication and organizational effectiveness.

Overall, neither of the selected social processes is significantly related to the following measures of effectiveness in the predicted direction.

**Goal Attainment**
1. Managers perceptions of the influence employees have on goals (O)

**Integration**
2. Orientations toward individualism (O)
3. Average sales (E)

**Latency**
4. Negative attitudes managers have toward means of increasing employee production (O)
5. The amount of satisfaction managers express with the authority given to them by their boards of directors (E)

With the exception of average sales and satisfaction with authority, each of these items is an attitudinal measure. The fact that neither independent concept is significantly related to the orientations of managers toward individualism could possibly illustrate the fact that organizational goals are based on collective interests rather than the interests of any individual within the organization (McKinney, 1966:183). A similar inference can be made concerning the nonsignificant correlations between recruitment selectivity, socialization, and communication and the orientation of managers toward profit. Only the criteria considered in the selection of managers is significantly correlated with profit orientations in the predicted direction.

Cooperatives whose managers have more positive attitudes toward means for increasing employee production are more effective than those whose managers hold negative attitudes toward means of increasing employee production. This is similar to the findings in an earlier study of manager attitudes toward men and productivity by Rensis Likert. Likert (1958:42) concludes:
This study demonstrates clearly that those managers who, as revealed in their questionnaires, have a favorable attitude toward men score achieve significantly higher performance than those managers who have an unfavorable score.

In this dissertation, positive attitudes of managers are more closely related to effectiveness in terms of adaptation than in terms of goal attainment. Only in the case of position satisfaction are positive attitudes toward employees significantly and positively correlated with a measure of goal attainment. On the other hand, managers who hold positive attitudes toward their employees are more inclined to provide for the training and development of employees. This is suggested by the significant F-ratio shown in Table 5.14.

The preceding discussion centered around the relationship between the independent concepts and effectiveness. As pointed out, the combined influence of recruitment selectivity, socialization, and communication is most related to effectiveness in terms of the ability of farmer cooperatives to adapt to environmental conditions. Significant F-ratios are found for each of the items measuring adaptation, three measuring goal attainment, and one measuring latency (See Tables 5.8 to 5.11). The analysis of data based on zero-order correlations and multiple regressions suggest the need for farmer cooperatives to devote more time and resources to the internal problems of integration and latency. Within the
framework of Parsons' conceptual scheme, each of the functional problems (goal attainment, integration, latency, and adaptation) must be obtained to a minimum degree if the organization is to survive and be effective.

Compared with studies by Mulford et al. (1972) and Padgitt (1972) of normative organizations, only moderate support is given to the hypothesized relationships between recruitment selectivity, socialization, communication, and the criteria of effectiveness in this exploratory study of an economic organization. All of the correlations in their studies were statistically significant in the predicted direction. Findings in this study are inconsistent. While some of the inconsistencies may be attributed to measurement errors, it is possible that others are a reflection of the unique characteristics of farmer cooperatives as formal organizations. Furthermore, the items measuring the independent and dependent concepts are not identical to those used by Mulford et al. and Padgitt. As such, it cannot be concluded with a high degree of certainty that the differences observed distinguish between economic organizations and normative organizations. Yet, there is a considerable amount of evidence that the social system approach has certain advantages over the use of single goals as measures of organizational effectiveness.
Relationship Between Dependent Concepts

This section discusses how the criteria of effectiveness are related to each other. A positive relationship between adaptation and goal attainment is implied in the works of many writers, but the purpose here is to describe the relationship between each of the four criteria of effectiveness in farmer cooperatives. In the normative organization studied by Mulford et al. (1972:13) each of the concepts was positively and significantly correlated at the .01 level. The highest correlation was found between adaptation and goal attainment, and the lowest correlation was found between integration and latency.

It was suggested previously that farmer cooperatives devote more time and resources to the internal problems of integration and latency. Not a single item showing the relationship between integration and latency is significantly correlated in the predicted direction. In two instances, significant negative correlations exist. These are between positive attitudes managers have toward means of increasing employee production and employee turnover and between the satisfaction of managers with the authority given to them by their boards of directors and average sales. The strongest and most consistent relationship is found between adaptation and integration. The highest single correlation for items measuring the relationships between these two concepts is between means of adapting to the external
environment and the general organization of the firm where a correlation of .574 is significant at the .001 level (See Table 5.5). The relationships between adaptation, integration, latency, and goal attainment are only moderate (See Table 5.4). The relationship between latency and goal attainment is only slightly better than the relationship between integration and goal attainment. Three of the latency items are negatively and significantly correlated with adaptation items, and only one of the positive correlations is statistically significant (See Table 5.5). The correlation between managers' orientations toward progressivism and traditionalism and their positive attitudes toward means of increasing employee production is significant at the .001 level. Perhaps, managers who are less traditional tend to show more favorable attitudes toward their employees.

The moderate relationship between latency and goal attainment supports the view of Carzo and Yanouzas (1967:246), Parsons (1953:190), and the writer's prediction. It is possible that too much emphasis on the achievement of officially stated goals can lead to increased tension which lowers the morale and commitment of participants in the organization.

In conclusion, the inconsistencies found between items measuring the major concepts in this dissertation point out some of the problems encountered in empirical studies of organizational effectiveness. Measurement errors obviously account for some of
the inconsistencies, but it is also possible that the observed outcomes illustrate what Yuchtman and Seashore (1967:892) meant when they stated, "Results from past studies show numerous inconsistencies, and are difficult to evaluate and interpret, let alone compare." Yet, this exploratory inquiry does suggest some of the aspects of farmer cooperatives that should receive special consideration in future empirical studies of effectiveness.

The AGIL scheme provided by Parsons appears to be a promising model for the assessment of organizational effectiveness. Findings in this dissertation suggest that the social system approach provides a conceptual framework from which much knowledge can be derived that would be obscured by restricting the research focus to the attainment of official organizational goals. The four problem categories allow researchers to classify several measures of effectiveness into logically distinct categories. Intervening concepts such as orientations, means, and ends of effectiveness can also be considered. Equally relevant is the fact that the scheme can be used to focus on different levels of various systems and subsystems. The concern in this dissertation is with local farmer cooperative managers and employees as lower participants, compared with the boards of directors or state, regional, or national cooperatives; but the conceptual model followed could be applied just as effectively at any other level. Effrat (1968:98) puts it this way:
As opposed to the long lists of functional requisites that became current in the early fifties, Parsons offered a set which sought to be systematic, logically exhaustive, analytically distinct, and clear about the distinctions among levels of generality of various social and psychological systems.

In this dissertation, the writer attempted to illustrate how the list of functional requisites can be reduced by subsuming the twelve goals identified by McCabe (1966) and the twenty-four dimensions of effectiveness listed by Mahoney (1967) under one or another of the four categories in the AGIL model.

Finally, the social sciences are badly in need of improved models to follow when conducting empirical studies of organizational effectiveness. By examining the relationship between the three social processes (recruitment selectivity, socialization, and communication) from Etzioni's (1961) compliance theory and the criteria of effectiveness (goal attainment, adaptation, integration, and latency), the earlier studies by Mulford et al. (1968 and 1972), Padgitt (1972), and this dissertation provide empirical bases from which improvements can be made. Unlike the studies by Mulford et al. and Padgitt which focused on normative organizations, the focus in this dissertation has been on an economic organization. In view of this, it is recommended that future researchers devote more attention to the utility of the social system approach to the evaluation of organizational effectiveness. While many problems remain, findings in this dissertation provide empirical evidence
that organizational complexity precludes the use of a single or a few criteria for the objective assessment of the effectiveness of economic organizations.
CHAPTER 7.

SUMMARY

This dissertation reports findings from an empirical study of the effectiveness of economic organizations, namely, farmers' cooperatives. The pervasive impact of formal organizations in modern societies is a well-known social fact. In general, modern industrial, urban societies may be described as organization societies. Implicit in the writings of such persons as Etzioni (1964) is the notion that almost every aspect of social life today is affected by one or more formal organizations. Yet, past theoretical and empirical studies indicate the need to explore alternative models for the evaluation of effectiveness in multiple goal organizations. While formal organizations antedate the founding of the discipline, one of the first sociologists to produce a classical work in the area was Max Weber. His development of the concept bureaucracy inspired many theoretical and empirical studies of formal organizations. However, existing theoretical gaps and empirical problems have caused some social scientists to challenge Weber's model and to search for conceptual frameworks that focus on aspects of formal organizations which received little attention by Weber. For instance, some argue that Weber presented a static and one-sided view of bureaucracy. Since Weber's model of bureaucracy depicts formal organizations as
being basically the same, Etzioni (1961) believes the model is of limited use in comparative research.

The specific focus in this dissertation has been on the use of an alternative model to evaluate the effectiveness of local farmer cooperatives in Iowa. The social system model was chosen as an alternative to the goal model which focused almost exclusively on goals and followed closely the conceptual framework of Weber's ideal type bureaucracy. Farmer cooperatives fall within Etzioni's (1961) classification of an economic organization rather than a normative or coercive organization. As economic organizations, farmer cooperatives have existed in the United States since the nineteenth century. Rural sociologists have conducted numerous studies of farmer organizations, but few of these studies have focused exclusively on the effectiveness of these organizations.

The purpose of this dissertation was twofold. First, it was exploratory in that effectiveness was assessed in a non-traditional manner. Second, it sought to test a limited number of hypotheses to provide an unbiased evaluation of the effectiveness of an economic organization by using selected data from a study of farmer cooperatives. Based on the problems identified, two general and three specific objectives were stated. The general objectives were:

1. To review basic models proposed for the evaluation of the effectiveness of formal organizations, and
2. To investigate the utility of a selected model in the evaluation of the effectiveness of an economic organization.

The three specific objectives were:

1. To investigate the feasibility of the social system approach to evaluate the effectiveness of local farmer cooperatives in Iowa.

2. To identify specific problems of empirical research on the effectiveness of farmer cooperatives as economic organizations, and

3. To provide a sociological guide for use in more comprehensive future studies of the effectiveness of farmer cooperatives.

The theoretical framework followed was grounded in structural-functionalism. The structural-functional perspective allowed for the assessment of effectiveness by viewing farmer cooperatives as social systems. Rather than devote exclusive attention to the attainment of officially stated organizational goals, an underlying assumption was that each of the functional prerequisites of social systems could be viewed as a supportive or derived goal. Consequently, the four functional imperatives (adaptation, goal attainment, integration, and latency) of Parsons (1956c) AGIL scheme were selected as the criteria of effectiveness. The three independent concepts (recruitment selectivity, socialization, and communication) were selected from Etzioni's (1961)
compliance theory of complex organizations. Both Parsons and Etzioni are proponents of structural-functionalism. Parsons has focused primarily on the goals and supportive goals of organizations, while Etzioni has been primarily interested in the correlates of effectiveness.

In addition to the theoretical framework, chapter three included discussions on formal organizations, organizational effectiveness, basic models of organizational effectiveness, three intervening concepts (orientations, means, and ends), and the derivation of general and supportive hypotheses. Based on a careful review of past theoretical and empirical studies, four general and eighteen (18) supportive hypotheses were formulated. The general hypotheses were:

There is a relationship between recruitment selectivity, socialization, and communication and organizational effectiveness (goal attainment, adaptation, integration, and latency).

G.H. I: There is a relationship between recruitment selectivity and organizational effectiveness.

G.H. II: There is a relationship between socialization and the four functional imperatives of social systems.

G.H. III: There is a relationship between communication and the four functional imperatives of social systems.

G.H. IV: There is a relationship between each of the four functional imperatives of social systems.
The eighteen (18) supportive hypotheses derived were treated empirically in chapter four. The three independent and four dependent concepts were operationalized. The data were analyzed by means of Pearson (zero-order) correlations and multiple regression. This provided an unbiased evaluation of the predicted relationships between the independent concepts and the criteria of effectiveness. Pearson (zero-order) correlations were also used to assess the interrelationships of items forming both independent and dependent concepts.

Findings were not completely consistent and reaffirmed the observations of past researchers who called attention to specific problems that impede empirical research on organizational effectiveness. However, it was assumed that some of the findings may be attributed to the unique nature of farmer cooperatives themselves. Compared with more highly complex formal organizations, local farmer cooperatives in Iowa tend to be oriented toward the needs of a more gemeinschaft segment of the national economy. Yet, many of the findings clearly indicate problems related to the identification, delineation, and measurement of the criteria of organizational effectiveness.

A summary of the findings based on zero-order correlations is presented in Table 7.0 on the following page.
Table 7.0. Summary of Findings Based on Pearson (Zero-order) Correlations

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Significant relation in predicted direction</th>
<th>No significant relation</th>
<th>Significant relation in opposite predicted direction</th>
<th>Dependent variable</th>
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<td>3</td>
<td>0</td>
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<tr>
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<td>Employees, Var.403</td>
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<td>Independent variable</td>
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<td>Significant relation in opposite predicted direction</td>
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<tr>
<td>TOTAL</td>
<td>38</td>
<td>80</td>
<td>2</td>
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</table>
Pearson correlations were computed for 120 relationships between the independent and dependent variables. It was predicted that all relationships would be significant in a positive direction. Findings show a sizeable majority of the significant relations to be in the predicted direction, but a greater number of the relationships were not statistically significant in either direction. Only two relationships were significant in the opposite direction. In general, there appears to be some evidence to support the assumption that the selected social processes enhance organizational effectiveness when effectiveness is defined as the relationship between these processes and the four functional prerequisites of social systems suggested by Parsons.

Based on the use of orientations, means, and ends as aspects of effectiveness, there is evidence that of the thirty-eight (36) significant relationships in the predicted direction, most are based on effectiveness criteria designating means. The actual number for each shows 16 for means, 13 for ends and 9 for orientation items. The two items which were significant in the opposite direction are items suggesting ends as intervening concepts, one each under integration and latency. The item under latency, employee turnover, is a logically expected relationship in terms of organizational effectiveness. The 80 non-significant relationships consist of 33 effectiveness items
suggesting orientation, eight suggesting means, and 39 sug-
gestig ends. Thus, most of the significant findings in the
predicted direction are based on relationships between selected
social processes and criteria of effectiveness where means are
considered as intervening concepts.

Despite the inconsistencies noted, findings showed re-
cruitment selectivity, socialization, and communication to be
most consistently and significantly related to adaptation.
However, when the two separate dimensions of each independent
concept were considered, a different pattern was observed.
For instance, the socialization of managers was most highly
related to items measuring goal attainment, whereas the social-
ization of employees was most highly related to items measur-
ing adaptation. More noticeable was the fact that the means
of communication were significantly correlated with all items
measuring adaptation, two of the six items measuring goal at-
tainment, and two of the five items measuring integration.
It was not related to any of the items measuring latency. On
the other hand, the amount of communication was not related to
any of the twenty (20) items measuring effectiveness in the
predicted direction. In one instance (community satisfaction),
a significant negative relationship was observed. This suggests
that, in farmer cooperatives, the means of communication may
be just as important as the amount of communication. Based on
single items of effectiveness, the criteria used to select
managers were most highly related to means of adapting to the
environment and risk orientations and the perceptions managers
have of themselves were most highly related to the ability to
make and implement decisions and the general organization of
the cooperatives. Socialization experiences of managers were
significantly related to the ratio of average sales to average
net operating revenue, position satisfaction, job satisfaction,
ratio of savings to fixed assets, and average net savings;
whereas the socialization of employees was significantly related
to the ability of managers to make and implement major decisions,
managers' orientations toward progressivism and traditionalism,
the general organization of the firms, organizational budget use,
positive attitudes managers had toward means of increasing
employee production, means of adapting to the external environ-
ment, and risk orientations of managers. The means of communi-
cation were most highly related to means of adapting to the
external environment, the ratio of average sales to average
net operating revenue, the general organization of the firm,
budget use, and satisfaction with authority.

So far as the relationships between dependent concepts
are concerned, there is evidence that farmer cooperatives need
to devote additional attention to the internal problems of inte-
gration and latency.
In conclusion, interest in the evaluative aspects of formal organizations is likely to intensify in the foreseeable future. Recently, increased attention has been given to the relationship between organizations and their environments. New conceptual frameworks have been explored by an increasing number of theorists and researchers. More and more, social scientists agree that to restrict the evaluation of effectiveness to the achievement of officially stated organizational goals is to obscure other vital aspects of the organization. The recognition of official goals is necessary but not sufficient for an unbiased assessment of organizational effectiveness. For most formal organizations, the topic of organizational effectiveness is too complex to be treated as a unitary phenomenon (Friedlander and Pickle, 1968:292). With more empirical research, many of the present inconsistencies and problems encountered in the evaluation of organizational effectiveness will be minimized and, in some instances, resolved.
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Nelson, Lowrey

Padgitt, Janet B.

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Parsons, Talcott


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Two graduate students, Mr. Mervin Yetley and Mr. Fred Evers, deserve recognition for the assistance they provided. Mr. Mervin Yetley attended many of the group meetings where the proposed research was being discussed and offered many helpful suggestions based on his prior experience with the original study and a similar field survey conducted during the summer of 1971. It was while I was assisting him with the preliminary phases of the 1971 study that I acquired firsthand knowledge of the procedures used in the formulation of the basic research design for the 1966 study. Mr. Fred Evers displayed great enthusiasm in teaching and helping me to write the SPSS (Statistical Package for the Social Sciences) computer programs used in the statistical analyses of the data.

I am grateful to Norfolk State College, the W. K. Kellogg Foundation for its grant to Norfolk State College for the improvement of the social sciences, and the Southern Fellowships Fund for the financial assistance provided to enable me to complete my graduate program.

The acknowledgement of one other person's contributions cannot be overlooked. My wife, Edith McAdory Sampson, not only tolerated my frequent and prolonged absences from home, but provided the encouragement and moral support necessary for the completion of my graduate studies.
My appreciation is also extended to the professors under whom I studied at Iowa State University. To the many others who contributed directly and indirectly to the accomplishments of this dissertation, I am grateful and apologize for the omission of your names. For the errors and omissions in the dissertation, I accept full responsibility.
APPENDIX A

The questions that follow the instructions below are those selected from the original instrument. The question numbers remain unchanged, but variable numbers refer to those used in this dissertation.

CONFIDENTIAL

Dealer Study - Pretest
Project No. 1626
Iowa State University
July - August, 1966

Hello! My name is __________________. I'm representing the Iowa State University Agricultural Experiment Station in Ames which is conducting a research study of Iowa farmer cooperatives. In the early phases of this project you were interviewed about the goals of the cooperative and received a package of materials to complete and return to Ames. We have greatly appreciated your cooperation thus far in the study. The interviewer in June as well as the letter from Mr. Pepper pointed out that the final phase would be an interview in July. In this interview, we will cover management areas and business activities which were not covered earlier. Your assistance in this phase and earlier phases will make an important contribution to this research effort.

In this phase, we are interested in your opinions and ideas as an individual manager about business management and business activities. As in the previous phases, all information you give us will be treated as strictly confidential and will never be identified with your name.

May I take time now to interview you? If not, may we set up an appointment which would be convenient for you?
Record of calls -- to be used for each call made

<table>
<thead>
<tr>
<th></th>
<th>Date</th>
<th>Time</th>
<th>Results and Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st call</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd call</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd call</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

(If you failed to complete any or part of the interview, state reason here)
Please turn to CARD 13.

SELECTIVITY I

<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question #</th>
</tr>
</thead>
<tbody>
<tr>
<td>404</td>
<td></td>
</tr>
<tr>
<td>187</td>
<td></td>
</tr>
<tr>
<td>056</td>
<td>59</td>
</tr>
</tbody>
</table>

When pricing products and services several factors must be taken into account. Under certain conditions it may be wise to maintain a wide margin even at the sacrifice of sales volume while in other instances it would be better to maintain a smaller margin to get increased sales volume.

For each situation, please state whether you would maintain a large margin with the possibility of decreasing the volume, or maintain a small margin with the possibility of increasing the volume.

/Encircle One/

L S 1. Brand handled recognized by customers as superior to that of competitors.
L S 2. Extra services wanted by customers cannot be (or are not) provided.
L S 3. Many other dealers in the trade area have full competitive lines.
L S 4. An aggressive sales and merchandising program is maintained.
L S 5. Many expenses are fixed so that total per unit handling costs decrease sharply as volume increases.
L S 6. Increased sales of this line have little value for increasing sales of other lines handled.
Please turn to CARD 14.

<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question #</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>057</td>
<td>60</td>
<td>Will you please give me an interpretation of the status of this business as represented on these financial sheets?</td>
</tr>
<tr>
<td>058</td>
<td>61</td>
<td>What additional information do you need to take full advantage of these statements?</td>
</tr>
<tr>
<td>059</td>
<td>63</td>
<td>What do you feel are the main purposes of financial statements?</td>
</tr>
<tr>
<td>057</td>
<td>196</td>
<td>How many years of formal education have you completed?</td>
</tr>
</tbody>
</table>

(Encircle appropriate number)

- 8 or less
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- Elementary
- High School
- College
- Beyond BA or BS

Code - actual number of years in school

**SELECTIVITY II**

<table>
<thead>
<tr>
<th>089</th>
<th>B9</th>
<th>How do you feel about your self-confidence?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>a. ___I am very confident of myself in any phase of activity.................. 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. ___I am quite confident of myself in most phases of activity............. 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c. ___I have quite a bit of self-confidence about my intellectual ability, but I am not as self-confident about my social abilities........... 3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>d. ___I have quite a bit of self-confidence about my social ability, but I am not as self-confident about my intellectual ability............. 4</td>
</tr>
</tbody>
</table>
Var. # Question #

e. I lack some self-confidence in both intellectual and social activities. ............................. 5
   (Recoded in this dissertation)

090  B1 How would you rank yourself as a manager?

  a. in the top 5% ........................................... 1
  b. in the upper 50% ..................................... 2
  c. in the upper 50% ..................................... 3
  d. in the lower 50% ..................................... 4
  e. I don't know ........................................ 5
   (Recoded in this dissertation)

SOCIALIZATION I

Var. 402=  

141 and  

142 204 Have you had any specialized training in any of your major product lines or in management itself, during the past 2 years? (Specialized training includes workshops, short courses, training schools, refresher courses, conferences, etc.)

  NO...................... 1
  YES..................... 2

205 IF YES TO QUESTION 204/

Using 8 hour day equivalents, how many days training have you received on each of your product lines during the last 2 years?
<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question #</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Line</td>
</tr>
<tr>
<td>081 209</td>
<td>Chemical</td>
</tr>
<tr>
<td></td>
<td>Feed</td>
</tr>
<tr>
<td></td>
<td>Fertilizer</td>
</tr>
<tr>
<td></td>
<td>Lumber</td>
</tr>
<tr>
<td></td>
<td>Machinery</td>
</tr>
<tr>
<td></td>
<td>Management</td>
</tr>
<tr>
<td></td>
<td>Petroleum</td>
</tr>
<tr>
<td></td>
<td>Seed</td>
</tr>
</tbody>
</table>

**SOCIALIZATION II**

(In terms of questions 204 and 205):

080 208 How long have you been the manager of this business? 


016 89 What methods are used to train and develop your employees? 

Please explain each of these.

---

HOW LONG HAVE YOU HAD FULL RESPONSIBILITY FOR THE MANAGEMENT OF A BUSINESS? 


HOW LONG HAVE YOU BEEN THE MANAGER OF THIS BUSINESS?


NO,........ 1
YES,......... 2
Var. #    Question #

098         74   Are you grooming someone who could fill a manager's role in the not-too-distant future?

NO............1
YES............2

COMMUNICATION I

005         108   Which of these statements best describes the way you feel about key employee relationships with patron members?

a. they have a responsibility to keep themselves well informed and make recommendations on all our major product lines.................................4
b. they have a responsibility to pass on only that information about our major product lines which is requested by the customer...............................3
c. they should be extremely cautious in making recommendations about any major product line since a poor recommendation could result in a loss of customers........................................2
d. they should provide the products requested by customers, but should make no recommendations about their use......................................................1

014         114   *As you think of merchandising your products, do you classify your farmer customers into different groups and use different selling approaches on them?

NO............1
YES............2
115 (IF YES TO QUESTION 29):
*You mentioned classifying. What are the major factors you take into consideration in classifying them?

015 106 *Most businesses attempt to create a favorable image with their customers. What are the essential features or ingredients in the image you are trying to create for this business?

144 80 How is information in your business communicated from you to your employees?

COMMUNICATION II

092 91 How closely do you associate with your employees on the job?

   a. I deliberately keep my distance.................................1
   b. I interact with them only when necessary to get the job done.........................................................2
   c. I interact with them fairly often on an impersonal basis.................................................................3
   d. I interact with them often on a personal basis...........4

ADAPTATION I

008 125 How do you protect yourself against market price changes on products and supplies in inventory?

009 120 On what basis do you select your wholesale sources and outlets?

017 121 Have you ever used the field representatives of wholesale companies to assist you in this business? Include such things as financial assistance, technical information, rental equipment,
resale help, pamphlets and bulletins, financing on credit
for customers, pricing policy, etc.

NO.............1
YES.............2

Please turn to CARD 16.

002 67 In making a major decision, which of the statements on CARD 16
best describes the methods you use in evaluating alternatives?

a. rely solely on managerial judgment in making most
decisions..............................................1
b. work out potential profits (expected sales and exp-
penses) but do not have detailed records which can
be used as a base.................................2
c. work out potential profits (expected sales and ex-
penses) from records mentally....................3
d. work out potential profits (expected sales and exp-
penses) from records on paper....................4

003 72 Have you given any consideration to probable future sales
trends in your trade area?

NO.............1
YES.............2

ADAPTATION IV
(IF YES TO QUESTION 72):

Which of the statements on CARD 5 best describes the methods you used?

a. made projections on the basis of personal judgment based on day-to-day knowledge of business potential........1

b. worked out potential sales on paper or mentally by using some of the available sales records in my business.................................................................2

c. worked out mentally the potential sales using business records and other available data...............3

d. worked out on paper the potential sales using business records and other available data..............4
<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question #</th>
<th>INTEGRATION I</th>
</tr>
</thead>
<tbody>
<tr>
<td>410</td>
<td></td>
<td></td>
</tr>
<tr>
<td>011</td>
<td>79</td>
<td>What factors do you take into consideration in making decisions concerning how your business is organized into departments and functions. (Include decisions such as those concerning functions to be performed and departments to have.)</td>
</tr>
<tr>
<td>012</td>
<td>83</td>
<td>What methods do you use to determine the number and qualifications of the employees needed in your business firm?</td>
</tr>
<tr>
<td>013</td>
<td>84</td>
<td>How do you determine the responsibilities and work loads of each of your employees?</td>
</tr>
<tr>
<td>004</td>
<td>78</td>
<td>Does your cooperative have a written organization chart?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question #</th>
<th>INTEGRATION II</th>
</tr>
</thead>
<tbody>
<tr>
<td>411</td>
<td></td>
<td></td>
</tr>
<tr>
<td>010</td>
<td>136</td>
<td>Do you prepare a budget for your next operating year?</td>
</tr>
<tr>
<td>018</td>
<td>138</td>
<td>Do you compare actual results to your budget?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question #</th>
<th>INTEGRATION IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>413**</td>
<td></td>
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<tr>
<td>072</td>
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</tbody>
</table>
Var. # Question #

<table>
<thead>
<tr>
<th>414=</th>
<th>INTEGRATION V</th>
</tr>
</thead>
<tbody>
<tr>
<td>085 212</td>
<td>In addition to yourself, how many people do you employ at the present time?</td>
</tr>
<tr>
<td>086 213</td>
<td>How many people have you hired in the past year as replacements for employees who are no longer employed here?</td>
</tr>
</tbody>
</table>

LATENCY I

415=  
184=  

Please turn to CARD 8.

The next set of statements regards employee practices about which managers have varying opinions. We would like to have your opinions about these statements. Using the categories on CARD 8, please indicate simply whether you agree with the statement or whether you disagree with it. After you have made this decision, please indicate how certain you are about this choice by choosing one of the numbers from 1 to 5. Number one (1) indicates you are only slightly certain while number five (5) indicates you are very certain. Numbers 2, 3, or 4 may better describe your position. When this is the case just indicate the appropriate number.

In this series of statements think of each statement as preceded by the phrase "Employee production can be increased by...".

*Interviewer: Read each statement to the respondent. Ask him if he agrees or disagrees with the statement and then have him give you a number to indicate the intensity of his feelings. Encircle
<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>099</td>
<td>Employee production can be increased by periodically informing employees of their progress on their jobs.</td>
</tr>
<tr>
<td>100</td>
<td>Consulting employees on decisions that affect them.</td>
</tr>
<tr>
<td>101</td>
<td>Seeing that employees feel that they are doing something important.</td>
</tr>
<tr>
<td>104</td>
<td>Putting as much challenge into jobs as is possible.</td>
</tr>
<tr>
<td>105</td>
<td>Being interested in the personal well-being of your employees.</td>
</tr>
<tr>
<td>107</td>
<td>Employee production can be increased by informing workers when a change is coming up that will affect their jobs.</td>
</tr>
<tr>
<td>Var. #</td>
<td>Question #</td>
</tr>
<tr>
<td>--------</td>
<td>------------</td>
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<tr>
<td>108</td>
<td>30</td>
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<td>416=</td>
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<td>185</td>
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<td>102</td>
<td>23</td>
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<td>103</td>
<td>25</td>
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<td>106</td>
<td>28</td>
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<tr>
<td>109</td>
<td>33</td>
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<tr>
<td>417=</td>
<td></td>
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<tr>
<td>178</td>
<td></td>
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</tbody>
</table>

We would now like to talk with you about your satisfaction with various aspects of your position. For each aspect of your job
that I read to you, indicate whether you are Satisfied or Dissatisfied. Then indicate how strongly satisfied or dissatisfied you are by giving me a number from 1 to 5. Number 5 indicates a very great degree of satisfaction or dissatisfaction while number 1 indicates very slight amounts of satisfaction.

*(Interviewer: In each case encircle the appropriate code. Be sure there are two circles for each item).

<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question #</th>
<th>Slight</th>
<th>Strong</th>
</tr>
</thead>
<tbody>
<tr>
<td>060</td>
<td>144</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>How satisfied are you with the authority you have been given by your board of directors to do your job?</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>070</td>
<td>154</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>How satisfied are you with the amount of authority you are given for the tasks you are expected to perform?</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
</tbody>
</table>

After I read each statement, using the categories on CARD 40 please indicate whether you agree with the statement or disagree with it. Then indicate a number which best describes how strongly you feel about the statement.

*(Interviewer: Encircle the appropriate code. If the respondent refuses to answer or will not give an opinion, encircle both "A" and "D".)

<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question #</th>
<th>Slight</th>
<th>Strong</th>
</tr>
</thead>
<tbody>
<tr>
<td>110</td>
<td>184</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>My board of directors puts too many restrictions on me as the manager.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>Var. #</td>
<td>Question #</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>------------</td>
<td>-----------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>111</td>
<td>185</td>
<td>The board usually gives me sufficient freedom to do my job well.</td>
<td></td>
</tr>
<tr>
<td>113</td>
<td>187</td>
<td>The board of directors makes some decisions that I should make.</td>
<td></td>
</tr>
<tr>
<td>115</td>
<td>189</td>
<td>My board of directors really lets me run this business as I want to.</td>
<td></td>
</tr>
<tr>
<td>116</td>
<td>190</td>
<td>My board of directors is actually quite competent.</td>
<td></td>
</tr>
</tbody>
</table>

**LATENCY IV**

<table>
<thead>
<tr>
<th>Question #</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>061</td>
<td>How satisfied are you with your present position when you compare it to similar managerial positions in the state?</td>
</tr>
<tr>
<td>065</td>
<td>How satisfied are you with the amount of time which you must devote to your job?</td>
</tr>
<tr>
<td>Var. #</td>
<td>Question #</td>
</tr>
<tr>
<td>--------</td>
<td>------------</td>
</tr>
<tr>
<td>069</td>
<td>153</td>
</tr>
<tr>
<td></td>
<td>How satisfied are you with the level of challenge and responsibility you are faced with in your present position?</td>
</tr>
<tr>
<td></td>
<td>slight strong</td>
</tr>
<tr>
<td></td>
<td>S 1 2 3 4 5</td>
</tr>
<tr>
<td>419</td>
<td></td>
</tr>
<tr>
<td>181</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LATENCY V</td>
</tr>
<tr>
<td>066</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>How satisfied are you with the amount of interest shown by the community in its cooperative?</td>
</tr>
<tr>
<td></td>
<td>S 1 2 3 4 5</td>
</tr>
<tr>
<td>063</td>
<td>147</td>
</tr>
<tr>
<td></td>
<td>How satisfied are you that the people of your community give proper recognition to your work as a manager of a cooperative?</td>
</tr>
<tr>
<td></td>
<td>S 1 2 3 4 5</td>
</tr>
<tr>
<td>421</td>
<td></td>
</tr>
<tr>
<td></td>
<td>GOAL ATTAINMENT II</td>
</tr>
<tr>
<td>093</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>What is the extent to which your employees can influence the goals, methods and activities of their jobs? How much influence do they have?</td>
</tr>
<tr>
<td></td>
<td>a. no influence, ........................................... 1</td>
</tr>
<tr>
<td></td>
<td>b. little influence, ......................................... 2</td>
</tr>
<tr>
<td></td>
<td>c. moderate influence, ....................................... 3</td>
</tr>
<tr>
<td></td>
<td>d. a great deal of influence, ............................... 4</td>
</tr>
</tbody>
</table>
GOAL ATTAINMENT III

In the next series of questions we would like to talk about some of your management activities. There are no right or wrong answers. We are interested only in the way you actually perform your job.

006 66
In making a major decision, what steps or processes do you go through?

007 68
Once a major decision to make a change has been made, what are some of the things you would do to insure that the implementation of this decision will be successful? Include planning for change, and planning for the period after the change has been made.

GOAL ATTAINMENT IV

GOAL ATTAINMENT V

GOAL ATTAINMENT VI

Please turn to CARD 29.

We would now like to talk with you about your satisfaction with various aspects of your position. For each aspect of your job...
that I read to you, indicate whether you are *Satisfied* or *Dissatisfied*. Then indicate how strongly satisfied or dissatisfied you are by giving me a number from 1 to 5. Number 5 indicates a very great degree of satisfaction or dissatisfaction while number 1 indicates very slight amounts of satisfaction or dissatisfaction.

*Interviewer: In each case encircle the appropriate code. Be sure there are two circles for each item.*

<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question #</th>
</tr>
</thead>
<tbody>
<tr>
<td>062</td>
<td>146</td>
</tr>
<tr>
<td>067</td>
<td>151</td>
</tr>
<tr>
<td>068</td>
<td>152</td>
</tr>
</tbody>
</table>
APPENDIX B

The statements that follow below are those actually selected for analysis in this dissertation. Question numbers are unchanged, but variable numbers are those used in this dissertation.

SECTION 2

Instructions

On the following twelve pages are a number of statements about business management. We are interested in your feelings or opinions about each statement. You will probably agree with some of these statements. That is, some statements will express your own opinions or feelings about managing. Other statements will express feelings opposite to yours.

After you have read each statement, please circle the "A" (agree) if you agree with the statement or the "D" (disagree) if you disagree with the statement. Once you have made this decision, please indicate how strongly you agree or disagree with the statements by circling one of the numbers which appears to the right of each statement. If it really doesn't make much difference to you if you agree or disagree with the statement, circle 1. If you very strongly agree or disagree with the statement, circle 5. For some statements, the numbers 2, 3, or 4 may better describe how strongly you agree or disagree with the statement. When this is the case, circle the appropriate number.

For example, consider the statement: All men are created equal. Do you agree or disagree with this statement? Circle "A" ("D"). How strongly do you agree (disagree) with this statement? Circle the appropriate number.

Please be sure to circle both a letter and a number after each statement, unless you are completely undecided whether you...
agree or disagree with the statement. In that case, circle both "A" and "D", but do not circle any of the numbers. This response indicates that you neither agree nor disagree with the statement.

These statements are in no way designed to be a test. There are no right or wrong answers to the statements. The answers which will be most helpful to this research project are the ones which best reflect your own feelings about each of the statements.
ADAPTATION II

041  146  It is more important for managers to make decisions on the basis of past experience and rules of thumb than to try to find new ways of doing things.

042  107  New ideas in managing are all right but I don't use very many of them.

043  158  Before trying any new practice or idea, it is pretty wise to wait and see how it is working out for some of the other businesses.

044  48   Many managers spend too much time trying to think through alternate ways of doing a job rather than going ahead and doing the job the way they already know.

045  125  A manager really can't afford to experiment with different ideas in the business.

046  96   A manager is better off to continue traditional management practices since many of the new-fangled ideas are not suited to his business operation.
<table>
<thead>
<tr>
<th>Var. #</th>
<th>Question #</th>
<th>ADAPTATION II (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>047</td>
<td>122</td>
<td>In deciding about making changes in his business, a manager's first consideration should be &quot;is it profitable.&quot;</td>
</tr>
<tr>
<td>048</td>
<td>138</td>
<td>It is more important for the dealer to make decisions on the basis of past personal experience than to try to find out new ways to do things.</td>
</tr>
<tr>
<td>049</td>
<td>68</td>
<td>A manager's willingness to spend some time assisting with day to day operations, such as with the grinding operation, is more important in a successful business than all the new ideas he reads or hears about.</td>
</tr>
<tr>
<td>050</td>
<td>154</td>
<td>The best way to solve problems is to dig in and work on them immediately instead of wasting time trying to think of better or easier solutions.</td>
</tr>
<tr>
<td>051</td>
<td>77</td>
<td>A manager should never borrow large sums of money for operating capital.</td>
</tr>
<tr>
<td>052</td>
<td>21</td>
<td>A manager's most important asset is a &quot;strong back.&quot;</td>
</tr>
<tr>
<td>Var. #</td>
<td>Question #</td>
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<td>--------</td>
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<td>033</td>
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**ADAPTATION II (continued)**

053 35 If I had a choice I would rather work with my hands than read a book.

054 33 The manager who gets ahead fastest is the one who sticks to the old proven ways of doing things.

133= ADAPTATION III

033 10 I regard myself as the kind of person who is willing to take a few more risks than the average manager.

034 159 I would rather take more of a chance on making a big profit than to be content with a smaller but less risky profit.

035 85 Those managers who have made the greatest financial success have been willing to deviate from what the customers considered to be right.

036 160 It's good for a manager to take risks when he knows his chance of success is fairly high.
A manager must be willing to take a great number of risks to stay in business.

Most managers are becoming so oriented toward making money, they don't have time to enjoy life.

A co-op manager can be successful even if his member-patrons are somewhat unhappy with his business practices.

A manager must be willing to take a great number of risks to get ahead.

Having the freedom to make up my own mind is, to me, one of the major advantages in management.

Perhaps the greatest reward in a management position is the opportunity to make your own decisions.
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APPENDIX C

Judges' instructions for questions scored by the certainty method.

On the following pages are the responses made by general managers of Iowa Farmer Cooperatives to the question: "Most businesses attempt to create a favorable image with their customers. What are the essential features or ingredients in the image you are trying to create for this business?"

It is assumed that you have or will formulate a standard of managerial performance which would enable you to differentiate adequate performance from inadequate performance. The adequacy of performance is to be considered in terms of its leading to successful creation of a favorable and effective image in the minds of customers. Read the response of each manager and form a judgment as to whether his methods and techniques (his performance) in this area are adequate or inadequate. Compare your judgment for each general manager with your standard. If you believe that the response given by the manager indicates his procedures most certainly would lead to highly inadequate performance of the function indicated, place a ⊳ by the individual's response. The continuum with which you are working is one of certainty. The more certain you are that a response indicates a manager's procedures are on the adequate performance side of the midpoint (50), the greater the number you assign to the response. The more certain you are a response indicates a manager's procedures are on the inadequate performance side of the midpoint, the smaller the number you assign to the response. A score of 50 indicates you cannot decide. Feel free to use any number from 1 to 99 that best expresses your belief.

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\(^{a}\)The theoretical mean is zero.
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MULTIPLE R AND R-SQUARE VALUES FOR REGRESSION VARIABLES WITH
THE ORDER OF FIT BEING VAR. 400 TO VAR. 405, RESPECTIVELY

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