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**The Impact of
Retail Co-operative Amalgamations
in Western Canada**

LOU HAMMOND KETILSON
ROGER HERMAN
DWAYNE PATTISON

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CENTRE FOR THE STUDY OF CO-OPERATIVES



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THE IMPACT OF
RETAIL CO-OPERATIVE AMALGAMATIONS
IN WESTERN CANADA

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University of Saskatchewan

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CENTRE FOR THE STUDY OF CO-OPERATIVES

THE CENTRE FOR THE STUDY OF CO-OPERATIVES is an interdisciplinary teaching and research institution located on the University of Saskatchewan campus in Saskatoon. Contract partners in the co-operative sector include Credit Union Central of Saskatchewan, Federated Co-operatives Ltd., Concentra Financial, and The Co-operators. The centre is also supported by the Enterprise Saskatchewan and the University of Saskatchewan. The university not only houses our offices but provides in-kind contributions from a number of departments and units — the Johnson Shoyama Graduate School of Public Policy, Management and Marketing, and Sociology, among others — as well as financial assistance with operations and nonsalary expenditures. We acknowledge with gratitude the ongoing support of all our sponsoring organizations.

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EXECUTIVE SUMMARY

THIS STUDY WAS CONDUCTED to provide a better understanding of the impacts of retail co-operative amalgamations in western Canada. Of particular interest was the impact on the associational or membership structure of the co-operative (including membership control, member engagement, governance and communication); the operations of the co-operative (including products and services, prices, and capital investments); management (including the roles and responsibilities of managers, decision making, and manager accessibility); and the numerous external relationships of the co-operatives (including the interactions among the amalgamated co-ops and their involvement in communities).

The findings suggest that amalgamations, for the most part, play a key role in providing services to co-operative members and in ensuring rural retail viability. Compared to the smaller independent co-ops operating in rural communities across western Canada, the larger multibranch co-ops appear to be better able to meet the needs of rural retailers in a number of areas, including hiring managers, constructing or renovating facilities, and maintaining services within local communities. The impact on the operations, therefore, has been generally positive.

The impacts of amalgamations on member engagement and the governance of the co-op, however, have not been as positive or as explicit. For instance, the interest of branch members in attending the annual meeting or being a board member tended to decline after an amalgamation. And because communication channels have not been significantly altered, members, managers, and board members must work harder at accessing information. The long-term consequences of these changes require further research, but previous experience suggests that co-operatives may be negatively impacted if issues of member engagement and communication are not addressed early.

Organization of the Report

The report is divided into two parts. The first section introduces some of the relevant literature on retailing in rural areas, as well as possible motivations for, and concerns about, amalgamations. Drawing from various research, we then look at the potential impacts of amalgamations, with a specific focus on co-operative enterprises. The second part summarizes the findings of three case studies developed from interviews with members, board members, and managers. The study was conducted across the three Prairie Provinces in the summer of 2008.

Discussion and Findings

Based on the three case studies, we made the following observations about the impact of retail co-op amalgamations.

Motivations and Concerns

Co-operatives are motivated to amalgamate by a number of issues: capital constraints; concerns over management succession; economies of scale; long-term viability; and opportunities for expansion. Concerns about amalgamations centered on issues of autonomy and control and the potential negative impact on patronage allocations. Some co-op members were also reluctant about entering into amalgamation agreements due to bad experiences with amalgamations in the past (e.g., hospital or school closures).

Impacts: Membership, Governance, and Communication

We asked interviewees about the impact of the amalgamation on the membership structure or associational side of the co-operative. Topics included local control, governance, board structure, and communication within the multibranch co-operative. In general, interviewees did not perceive a significant loss of member control due to the amalgamation because opportunities to participate in decision making and the governance of the co-op still exist. Branch member participation at annual meetings and interest in running for the board declined after the amalgamation, and for two co-ops amalgamating for the first time, board representation and board structure was a key concern. Some interviewees felt it was more difficult to elect a branch member to the board because they were not as well recognized as other nominees. For larger, more established, multibranch co-ops, amalgamations had little

impact on board structure. These co-ops kept the same number of board members and did not change the types of board committees. Not surprisingly, board members reported that they felt their roles had shifted from concentrating on their local co-op to thinking about all the locations of the multibranch organization. Despite the growth in size that accompanied amalgamation, member communication channels did not change significantly, with the annual meeting remaining the primary mode of communication. One interesting difference was that while many of the small independent co-ops did not produce a newsletter, virtually all the large multibranch co-ops used newsletters to communicate with members.

Impacts: Operations

Amalgamation impacted a variety of things associated with operations, including products, services, prices, customer loyalty, and the viability of the operation. Generally, the number and types of services offered by the co-ops did not change significantly after an amalgamation. Some branch co-ops added new services (e.g., a cardlock or service station), while others discontinued a service (e.g., hardware supplies, garage). In many cases, the branch facilities were almost immediately improved through renovations, the addition of new equipment, or the construction of new stores or facilities. Smaller co-ops found themselves able to offer a wider array of products due to the amalgamation. Prices for products and services tended to remain the same, although previously small independent co-ops were able to offer more sale items and other promotions once they were part of the larger multibranch operation.

Impacts: Management

Amalgamation had a number of positive impacts on management. Large multibranch co-operatives, for example, appeared to have an easier time attracting skilled managers compared to small independent co-ops. We also observed that multibranch co-ops “differentiated both horizontally and vertically,” i.e., increased the number of departments and added more levels of management. The role of the branch manager shifted from a generalist responsible for all aspects of the operation to more of a specialist responsible for customer service, although local branch managers gained additional levels of support through an amalgamation. Amalgamation gave the general manager less time to deal directly with members as he/she spent more time working with department and branch managers. Conversely, the local branch manager had more time to deal with members as he/she was no longer responsible for many of the administrative duties.

Impacts: Co-operative Relationships

Relationships among Co-ops

The most significant change in relationships was that between two amalgamated co-operatives, with some interviewees feeling that it was important for all stakeholders to recognize the amalgamated co-op as a single entity. Amalgamated co-ops operate more collaboratively compared to their previous relationships, which were more competitive. And interviewees reported that their co-ops were able to move products and equipment more easily from one location to another, which is less complicated within the same enterprise as compared to sharing products between two independent co-operatives.

Relationships with FCL

Interviewees reported that their amalgamated co-op's relationship with its supplier, Federated Co-operatives Limited (FCL) was not significantly impacted. In fact, they felt that multibranch co-ops may benefit from bulk buying from FCL, and managers from larger multibranch co-ops felt they may have more influence in the development of FCL policies.

Relationships with Community

Overall, the most important impact was keeping the co-op in their community, and most interviewees felt that an amalgamation was the only way to do this, although the perception of the impact on community involvement differed between members and managers. Most members felt that there was less involvement after the amalgamation, while managers did not see a substantial increase or decrease. One significant difference was that the decision to make donations shifted from the local manager and board to the multibranch general manager and board.

INTRODUCTION

OVER THE SPAN OF FIVE DECADES, retail co-operatives in western Canada have amalgamated with neighbouring co-ops in response to the increasing complexity of the retail industry, a growing need for capital, a declining rural customer base, and an emergent concern about management succession. While much attention has been paid to mergers, amalgamations, and acquisitions among the large banks and corporate retailers, little consideration has been given to the developments taking place among retail co-operatives in predominantly rural settings, despite the importance of these local co-ops to rural economies. The ambivalence shown towards co-op mergers may be partly explained by the slow pace at which the amalgamations have occurred and by the relatively small size of the co-ops involved. Nonetheless, the potential impact of retail co-op amalgamations on rural communities — which often have only one retail outlet — may be significant.

The literature addressing co-operative mergers has, in most cases, focussed on the factors driving the business arrangements, the potential advantages and disadvantages of amalgamation, and the steps involved in the amalgamation process. These more conjectural considerations may give insights into the potential effects of mergers, but only a small number of studies on co-operatives have moved beyond the hypothetical to assess the actual impact of amalgamations. Few studies, for example, have determined the extent to which management and members of the co-operative have been impacted. Co-operatives are established to meet member needs and yet there is little empirical evidence to support or negate the claim that amalgamations ensure members are better served.

This study is exploratory and is designed to gain a better understanding of how co-operative members and their communities, boards, and managers are affected by amalgamations.

Of particular interest is the impact of these agreements on members, co-operative operations and service provision, and co-operative relationships. The findings suggest that amalgamations, for the most part, play a central role in providing services to co-operative members and in ensuring rural retail viability. Compared to the smaller independent co-ops operating in rural communities across western Canada, larger multibranch¹ co-ops appear to be better able to meet the needs of rural retailers by being better positioned to hire managers, construct or renovate facilities, and remain competitive with urban retailers. The impact on the operations, therefore, has been generally positive.

However, the impacts of amalgamations on member engagement and the governance of the co-op have not been as positive or as explicit. For instance, branch members' interest in attending the annual meeting or being a board member tended to decline after an amalgamation. Further, amalgamated co-ops have not changed governance structures significantly, which means that large regional co-operatives still rely on the annual meeting to engage members and maintain board structures similar to smaller, local retail co-ops. Communication channels have not been significantly altered either, and subsequently, members, managers and board members must work harder at accessing information they want or need. The long-term consequences of these changes needs further research but previous experiences suggest that co-operatives may be negatively impacted if issues such as member engagement and communication are not addressed early on.

THE RURAL RETAIL ENVIRONMENT

The Rural Environment

DEVELOPMENTS WITHIN THE RURAL RETAIL SECTOR are influenced by the ever-changing demographics of rural communities. Out-migration and an aging population are characteristics of rural areas in Canada (Bryant and Joseph 2001), and for many communities, declining farm numbers have long contributed to a shrinking consumer base and a re-

1. Multibranch co-operatives are defined in this report as two or more formerly independent co-ops that have combined their operations, either through an amalgamation or acquisition. Co-ops that have established outlets in other communities (e.g., the Calgary Co-operative Association Ltd. and the Saskatoon Co-operative Association Ltd.) are not considered to be "multibranch co-ops" but are identified as "multi-outlet" co-ops. The majority of co-ops in the co-operative retailing system, which have a presence in multiple communities, fall under the multibranch classification.

duction in services. Overall in Canada, farm numbers decreased by 7.1 percent from 2001 to 2006, with higher than average rates in all three Prairie Provinces. Saskatchewan had one of the largest declines — 12.4 percent, while Manitoba and Alberta experienced decreases of 9.6 percent and 7.9 percent respectively (Statistics Canada 2007). As populations decrease, local economies cannot support the same number of services (Halseth and Ryser 2004). Declining services leads to further out-migration, especially for youth who are drawn to larger centres for entertainment and more job opportunities. As these trends continue, rural communities become increasingly interdependent (Bradshaw 1993) and come to rely on the elderly for rural retail survival (Miller and Kim 1999; Li and Maclean 1989).

Not all rural communities in Canada, however, have experienced decreases in population. Statistics Canada (2006) reported that on average, rural and small towns experienced modest population gains between 2001 and 2006, but these increases are uneven. The growth is largely the result of flourishing Strong Metropolitan Influence Zones (MIZ) — areas that might be considered bedroom communities or metro-adjacent communities — where more than 30 percent of the working population commutes to an urban centre for work. In contrast, more remote regions such as the Weak MIZ (zones with greater than 0 percent but less than 5 percent of the population commuting to a urban centre) recorded population declines from 1996 to 2006 (Bollman and Clemenson 2008).

The differentiated population trends among rural communities create disparate pressures for rural businesses. The more remote communities are encountering out-migration and population losses but are less influenced by urban areas. As Vias (2004, 304) states, “For counties in very remote areas with declining populations, reduced demand is probably the primary reason for the decline in small stores, and the broad changes that have defined retail restructuring are probably secondary to the host of other problems these remote regions face.” For the Strong MIZ or metro-adjacent communities, loss of population may be of less concern, but they also experience much greater influence from the restructuring in the urban retailing environment.

The Special Case for Retailing

Retailing must be differentiated from other services provided in rural areas. Berry (2004) argues that all services perform a variety of functions, including the provision of information and expertise, and social and physical functions. As telecommunication technologies have

advanced, fewer of the services businesses provide require a physical location. Financial institutions, for example, can provide information, expertise, and perhaps even some social functions without the actual bricks and mortar within a community (Berry 2004). How financial services are provided may actually alter the physical location as well. Bowles (2000) discusses the transformation of the physical structure and function of bank branches in rural communities due to technological advances. In some instances, branches afford less space for cash-handling services (automated teller machines now perform this service) and focus more on selling other financial products. The branches themselves are not full service but offer services online through a central location. There is some concern among rural and marginalized communities that the reduction of services could lead to “financial abandonment” (Bowles 2000).

Despite these new technologies, however, some services such as retailing still require a physical location. In particular, soft goods such as fresh produce, baked goods, or convenience items need a place from which to be sold. Most consumers are probably not interested in buying perishable items online, nor do they want to wait for delivery of convenience items. Consumers want to see, feel, and smell the products and make the purchase immediately (Berry 2004). The information about the products, as well as the expertise, is only valuable to consumers in the locations where they shop for soft goods as shoppers are not interested in calling a hotline or looking up information online. An added demand for many rural retailers is that their clientele tends to be older. The aging population requires that retailers maintain a physical location as these shoppers prefer to pay in cash rather than online. Further, as communities lose more and more of their services, and businesses continue to close, the importance of the social function provided by the remaining services is that much greater. The loss of retail services has been found to have negative repercussions for the social life of the community (Kirby 1982, as cited in Paddison and Calderwood). Fulton and Hammond Ketilson (1992, 22) suggest, “... the loss of a grocery store or hardware store in a community may mean that there is no natural place for people in the community to meet, discuss local issues, and receive support and encouragement.”

The breakdown of services into functions may also explain, in part, the different patterns of amalgamations occurring in the sectors. The amalgamations and centralization of services taking place among financial institutions tend to cover large geographical areas (provincial, national, and international) as banks and credit unions do not necessarily require a physical location to provide financial services. Information and the expertise about financial products

can easily be delivered over the phone or on the Internet. On the other hand, retail amalgamations are more likely to involve neighbouring co-ops and entail leaving the physical, and most of the information and expert functions, in place.

THE SPECIAL NEEDS OF RURAL RETAILERS

IN GENERAL, RURAL RETAILERS FACE SPECIFIC DISADVANTAGES, including geographic isolation, unfavourable costs, and a limited population base (Paddison and Calderwood 2007). Consequently, they also have special needs that must be met in order to remain viable in the rural setting. Two studies, one in Canada (Bruce 2001) and one in the US (Leistriz, Ayres, and Stone 1992), identified some of these central needs. The commonalities among the studies included reducing economic leakage, hiring and retaining qualified staff, and accessing financing for business development.

Reducing Economic Leakage

In their study of the critical needs of rural businesses across three American states, Leistriz, Ayres, and Stone (1992) discovered that one of the key considerations for rural retailers was reducing the amount of out-shopping in their communities. The Canadian Rural Revitalization Foundation (CRRF) also found that small rural businesses have a significant challenge in expanding their markets outside their own communities, and subsequently, must work to reduce the amount of out-shopping, particularly in lagging communities (Bruce 2001).² This is a critical point in rural areas where populations are relatively stagnant or in decline.

Stemming out-shopping may be a more difficult task for metro-adjacent communities, which have been struggling with this issue for decades. A study conducted in northern Saskatchewan as early as the 1970s noted the impact larger centres have on their surrounding

2. The study compares businesses in leading and lagging rural communities. Bruce (2001) define leading communities as those close to metropolitan areas, which have better access to global markets, and where residents have higher levels of education, income, and home ownership. Lagging communities are comparatively worse off in all or most of these same categories. The MIZ community typology uses similar criteria but divides communities into four categories — No MIZ, Weak MIZ, Moderate MIZ, and Strong MIZ — based on their proximity to a metropolitan area. The No MIZ communities have characteristics similar to lagging communities, whereas the Strong MIZ would be classified as leading communities.

communities and highlighted the tendency for shoppers to bypass the local smaller communities and shop at larger centres, which offer a greater variety of goods and services. The authors state, "...an increase in the attraction of one centre over others for goods and services will inevitably visit profound effects on retail of the smaller settlements. And as transportation technology improves access to larger centres, the effect is compounded" (Prince Albert 1978, 16). Similarly, Home (1993, as cited in Calderwood and Paddison 2007) argues that more peripheral locations reduced the likelihood of store closure and that failure rates increased the closer rural stores were to out-shopping locations.

To be successful, rural businesses require a good reputation and must offer high quality goods and services (Bruce 2001). Establishing and maintaining customer loyalty becomes an essential part of reducing economic leakage. Even small rural shops, and especially those competing with large retailers in neighbouring cities, must consider the shopping environment, price, and convenience (Sullivan and Savitt 1997). They must also find ways to compete with larger stores that cut costs through economies of scale and scope. However, more remote markets have expensive delivery costs as a result of smaller volumes and greater travel distances (Paddison and Calderwood 2007), which makes it difficult to keep expenses down.

Hiring Qualified Personnel

A shortage of labour is a primary concern within the retail sector. In a 2006 survey by the Retail Council of Canada, 71 percent of respondents stated that the shrinking labour pool and high staff turnover were their greatest worry. And 52 percent of small businesses and co-operatives in rural communities reported that hiring competent staff was considered problematic (Bruce 2001).

In the 2006 *Retail Recruitment Survey*, more than 60 percent of the retailers who responded said that the manager's position was the most difficult to fill; a third of them said it took on average three weeks to a month to fill the position. For co-operative managers and board members, hiring skilled people and the lack of professional managers were the two primary challenges in labour force issues (Bruce 2001). Further, in their survey of literature on small shops in England, Paddison and Calderwood (2007) found that a lack of management expertise was a crucial issue. The problem of hiring managers raises special concerns for rural businesses, as qualified management appears to be one of the keys to long-term success. In their study on co-operatives in Saskatchewan, Fulton and Hammond Ketilson (1992)

found that most people believed that a good manager was the primary reason for the co-op still operating in their community.

In response to the labour shortage, retailers are now paying more attention to things such as salaries, flexible work hours, and other initiatives to retain employees (Retail Council of Canada 2006). Rural retailers forced to contend with out-shopping face the added pressure of the outmigration of potential employees, which compounds the problem of hiring and retaining qualified staff. Rural shop owners may not have access to the resources available to their urban counterparts. Some small rural business owners said they lacked the information to keep up to date on issues concerning human resource management and employee relations (Leistriz, Ayres, and Stone 1992).

Establishing networks and building contacts to access information can facilitate the hiring of workers. The CRRF study compared employment development between small businesses and co-operatives in rural areas (Bruce 2001). The findings showed that more co-operatives experienced growth in full-time and part-time employment than small businesses did over a three-year period. The broader networks of support that co-operatives enjoy compared to small business owners may be one explanation for their success. Networks may also increase access to other sources of information. Small business owners stated they lacked training in financial management, business planning, merchandising, personnel management, and customer relations (Leistriz, Ayres, and Stone 1992). For small businesses in rural Canada, access to training programs was listed in the top five labour force issues (Bruce 2001).

Access to Capital

Bruce (2001) reports on a survey of small business owners in Canada, who were asked about the biggest obstacles they faced at three different phases of their business: (a) while establishing their business; (b) during the first year of operations; and (c) during their current operations. In all three stages, respondents identified lack of money as one of the top challenges. When starting the business, capital deficiencies for investment were a primary concern, while during the first year of operation, almost half the business owners felt they lacked the money to purchase buildings and equipment. Approximately 30 percent said they could not invest in new technologies and 20 percent lacked money for marketing. Businesses operating for over a year reported similar problems — 38 percent said they could not introduce new tech-

nologies for lack of money; another 38 percent said they did not have enough funds for marketing; and 35 percent lacked money for buildings and equipment.

Bruce (2001) identified the same concerns for co-operatives, although insufficient capital for buildings seems to be less of a concern as the co-op continues to operate. Only the lack of money for new technologies was cited as a major concern in the third stage of the operation. Lack of capital is not a problem unique to Canadian businesses; it was also high on the list of rural retail challenges in other developed countries. Leistritz, Ayres, and Stone (1992) noted that the most pervasive problem for rural business people in the three US states was obtaining equity for new ventures and expansion. And in their survey of the literature on small shops in rural England, Paddison and Calderwood (2007) found that the availability of investment capital was a problem.

RURAL RETAIL AMALGAMATIONS

Motivations for Amalgamating

IT IS HYPOTHESIZED that if small rural co-operatives are considering amalgamation, officials should ensure that the move would in some way address the concerns listed above. That is, if they are to be beneficial to rural retailers, amalgamations should attend to the problems of out-shopping, labour shortages (particularly managers), and lack of capital. The literature on the drivers of amalgamation has focussed more on large corporate mergers. Much of this research suggests that the primary motivators for most businesses are changes in the retailing industry and the need to reduce costs through economies of scale and scope.

Describing the major food retail developments in the United States, Kaufman (2000) presents a number of issues that have resulted in grocery store mergers. The primary motivating factor is remaining profitable in a highly competitive industry. By merging, giant food retailers look to lower costs in procurement, marketing, and distribution to keep competitive with warehouse-style stores. Food companies are also finding it more difficult and more costly to build new stores; mergers allow them to purchase existing buildings and expand into new markets without constructing new facilities (Kaufman 2000).

Merlo (1998) suggests that growth (in order to compete) and increased market power were the two primary motivations for amalgamation among large agricultural co-operatives.

Problems with capitalization may also have been a key factor behind these mergers. Richards and Manfredi (2003) posit that capital constraints of agricultural co-operatives are a primary consideration in the decision to amalgamate. Additionally, agribusinesses must deal with both the consolidation of agriculture as well as the consolidation of competitors and a more competitive business environment. Vandeburg, Fulton, Hine, and McNamara (2000) suggest that agricultural restructuring was the driving force behind many agricultural co-operative amalgamations. Agricultural co-operatives in the United States were amalgamating in large numbers in the late 1950s, mainly because farm businesses were dealing with fewer farmers, while improvements in transportation and communication made it easier for co-operatives to service larger areas and provide a wider range of services (Knapp 1961).

Williamson (1987) suggests other possible benefits of amalgamation for co-operatives, which more closely reflect the needs of rural retailers. They include offering new or better services/products for members, better use of resources (facilities, personnel), economies of scale, improved management capabilities, and better access to financing and supplies. For co-operatives in northern Saskatchewan, the recognized benefits of amalgamation included efficiencies in decision making and management duties (e.g., human resources, training, and accounting), greater borrowing power, and better use of equipment and facilities (Prince Albert 1978). These co-ops were also coping with declining farm numbers, an aging population, and difficulties in maintaining competent staff.

Mergers of last resort are also a possible motivator for co-ops. Spear (2005) found evidence to suggest that co-operatives are more inclined to merge when they are in financial difficulty. Faced with economic failure, co-ops use mergers as an easy way to liquidate assets. Spear also posits that because co-operatives have unique characteristics, they are more likely to merge with other co-operatives rather than with businesses that do not share the same principles.

Reasons for Not Amalgamating

It is useful to understand the reasons why co-ops may choose not to amalgamate. Spear (2005) found that co-operatives were not as active in mergers as corporations and offers four possible explanations for this disparity:

1. Weak governance structures: Co-op members have difficulty exerting pressure on boards, so boards will be predisposed to follow the decisions of the manager. Thus, the manager needs to be onside if the co-op is to proceed with a merger.

2. **Weak market for corporate control:** Because co-ops do not offer shares, there is little concern of corporate takeover. In the corporate world, mergers are often used as a preventive measure to takeovers.
3. **Autonomy of managers:** Spear (2004) argues that managers in co-operatives are more autonomous than those in corporations and are thus less pressured to initiate changes in the operations.
4. **Local/community roots:** Co-ops have strong connections to community and the possibility of losing jobs, board members, or moving the headquarters are all factors that need to be considered.

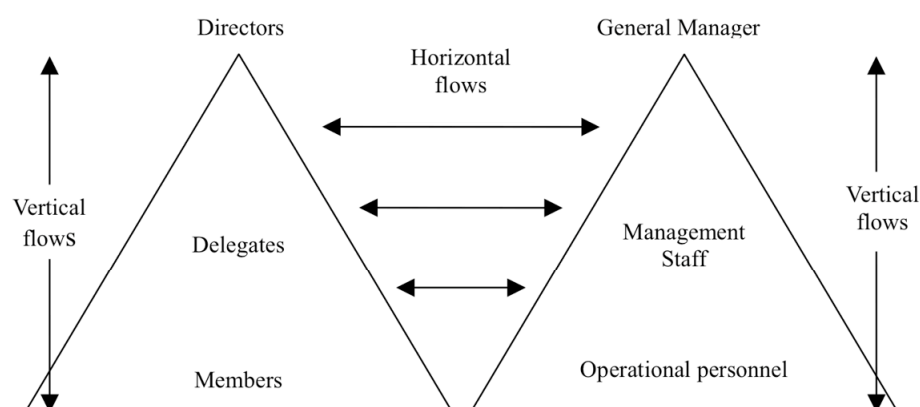
Many of these considerations suggest that managers play a significant role in determining if a merger is to proceed or not.

Ideology also appears to be a larger factor in co-operative mergers than among conventional businesses. Eliot (1996) suggested that the third round of merger negotiations between the Co-operative Retail Services and the Co-operative Wholesale Society in the UK failed because they could not agree on how the board should be elected.

Governance issues, among others, have also been at the heart of merger failures among co-operatives in Canada. In the late 1980s, merger talks between the largest grain handling co-operatives in Canada — the Saskatchewan, Alberta, and Manitoba wheat pools — collapsed for a number of reasons. The pools were unable to agree on the appointment of directors and on the governance and structure of the new entity (Schmidt 1998). A second major obstacle was difference in size (Saskatchewan Wheat Pool was much larger; Schmidt 1998). Third, these co-ops also differed in their business activities, with both the Saskatchewan and Manitoba pools handling livestock and canola crushing in addition to grain handling (Mayer 1989). Fourth, farmers were concerned about how their equity in the pool would be impacted and feared that their influence would be weakened (York 1989). Fifth, because the co-ops were incorporated in their own provinces, a change in legislation was required, which no one was interested in pursuing at the time (Cybulski 1989). Some felt that the visibility of the pools in the two provinces without the head office would suffer (York 1989). A final concern was whether or not the large “superpool” could remain responsive to the needs of its members (Cybulski 1989).

POTENTIAL IMPACTS OF AMALGAMATIONS

MANY OF THE IMPACTS OF AMALGAMATIONS on business operations can be inferred from the motivations. Businesses hope that mergers do in fact translate into improved economies of scale, increased market share, and lower costs. However, co-operatives need to be concerned not only about the impact on the business or the operations but also on the membership structure. Butler's (1988) diagram below of the co-operative structure reflects the dual structure of the co-op.



It is clear from the illustration how an amalgamation could potentially influence a co-op. On the operations side, an amalgamation may change the way management makes decisions or how they communicate with board members. Members will be impacted as consumers, with products and services their primary concern. With respect to the membership structure, amalgamation may impact members' oversight of their co-op (the horizontal flows) or their participation in its governance.

The following section looks at the potential impacts of amalgamation on the operations and membership of co-operatives.

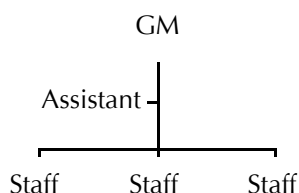
Impact on the Operations Structure

Amalgamations create a more complex co-operative organization with more members, more outlets, more logistical considerations, and potentially more products and services. Gray and Butler (1994a, 10) state, “As cooperative operations add new products, services, commodities, technologies and market areas, members are presented with an increasingly complex environment.” When businesses are faced with complexity, they tend to horizontally and vertically differentiate (Gray and Butler 1994b).

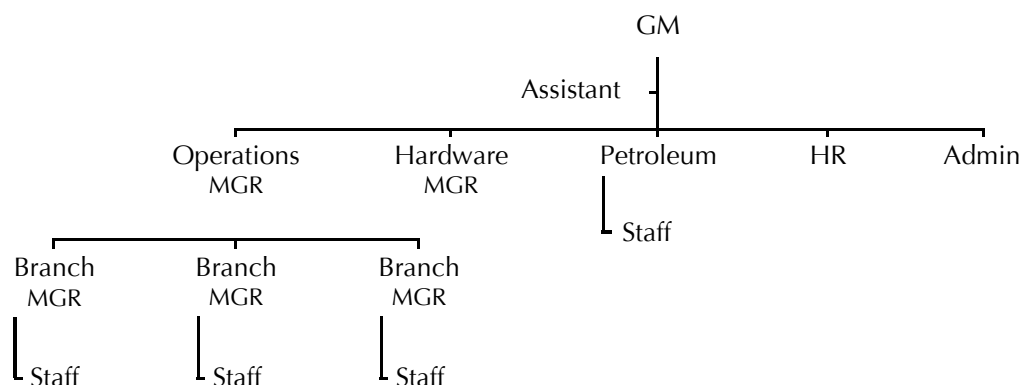
Horizontal and Vertical Differentiation

Horizontal differentiation describes the addition of departments to the co-operative (i.e., the operations structure expands horizontally). For retail and agricultural co-ops, the divisions are often based on the kinds of commodities being sold (e.g., hardware, petroleum, fertilizer, etc.). In a small standalone co-operative, the general manager and his or her staff are responsible for all aspects of the business. As the co-op grows, it becomes necessary to create new divisions of labour to deal with the increasing workload. With the addition of a branch through an amalgamation there is, in a sense, one more department added to the operational structure of the co-op (see diagrams below and opposite).

More levels of management are required to co-ordinate the activities of the various departments, which leads to greater vertical differentiation within the organization. This creates a larger vertical hierarchy, in which employees report to department managers, who then report to the general manager. In a smaller independent co-op, the hierarchy may consist only of the staff and the general manager; in a larger multibranch co-operative, the staff would report to the branch manager, who then reports to the operations manager at head office, who is accountable to the general manager.



Through vertical and horizontal differentiation, the skills required of the managers shift from those of a generalist, responsible for the many tasks of running the business, to more of a specialist. A general manager must hire the right people, who are also specialists in their respective fields, including accountants, public relations staff, and human resource officers (Abrahamsen 1961). Mergers may also “require the manager to dele-



Diagrams adapted from Gray and Butler 1994a

gate more effectively and require considerably more communication and people skills” (Kenkel 1993).

General managers of multibranch operations may have less time to deal directly with customers. Co-operative researchers in an early study still relevant today have suggested that the lack of acquaintance between management and members could possibly make conflicts more difficult to resolve (Prince Albert 1978). However, a later study that tested management-service relations found that mergers among credit unions did not detract from management’s ability to serve members, whether it was during the merger process or several years after (Fried, Lovell, and Yaisawarng 1999).

Members as Consumers

Somewhat surprisingly, few studies have investigated the impact of amalgamations on the consumer. In their review of the merger and acquisition (M&A) literature, Anderson, Havila, and Holström (2003) found that the majority of articles did not consider what effect mergers have on customers or suppliers. If customers were included in the M&A literature, they were often talked about as if they were a type of resource (e.g., “expanding market share” rather than “increasing the number of customers”).

A recent study in the US that did look at customer opinion found that more than half the consumers surveyed believed they did not benefit from M&As; for bank mergers it was even higher, at 69 percent (“Major consumers” 2005). Their dissatisfaction was the result of

increased prices and poor customer service. However, 53 percent of consumers did feel that M&As led to increased product and service variety, while 47 percent believed mergers resulted in an increase in the number of stores.

Bowles (2000) also observed the paucity of research on the effects of mergers on communities. His study is one of the few that considers the impact of bank mergers on rural communities and concluded that mergers would have a negative impact on bank accessibility for rural residents. For mergers among municipalities, Poel (2000) found that the majority of people did not see amalgamations benefiting them personally, and most citizens failed to notice any improvements in the services being provided.

Although research on the effects of co-operative amalgamations is even more scarce, the literature does focus on the consequences of amalgamations on member needs. Fried, Lovell, and Yaisawarng (1999), investigating the effects of credit union mergers on service provision, found that members in the acquiring credit union experienced little change in service provision, while members in the acquired credit union saw an immediate improvement.

Impact on the Membership Structure

As Gertler (2004) argues, membership in a co-operative is a complex process, and generalizing about the effects of amalgamations on members is therefore not straightforward. Members will be impacted in diverse ways depending on their use and interactions with the co-op, their loyalty to co-op values, and their attachment to the co-op as a community institution. Further, members who frequently use the co-op's services and receive benefits will be impacted differently from out-shoppers or members who use the co-op less often.

For a consumer or retail co-operative, those who own, control, and benefit from it are also its primary customers. Dunn (1998) describes these relationships as the user-owner, the user-control, and user-benefit principles of the co-operative. This infers that members are impacted differently depending on their varying relations with the co-op — both as consumers and as owners. The potential dual impact is also evident if we consider again the co-operative structure, wherein the member will be impacted both as a consumer (on the operational side of the co-op) and as an owner (the membership side of the co-op). Following an amalgamation, the member-as-consumer may be affected by changes in the services provided, increases or decreases in prices, or changes in staffing. The member-as-owner may see changes in decision making or in the board's ability to provide oversight of management. Both of these possibilities are discussed in more detail below.

Members as Owners

Moving from members-as-consumers to members-as-owners alters how impacts are measured or described. For example, it is easy to observe and quantify changes to the price of products or to the number and types of services following an amalgamation. On the other hand, the impacts on ownership may be more subtle or sentimental.

Impact on Identity

The loss of identity and autonomy may resonate more with members who feel a strong sense of ownership. As Rust (1961) states, “The pride of identity and rivalries can be particularly strong among founders of the co-op. In some cases co-operative members chose to dissolve rather than merge with neighboring co-operatives.” Co-op names are also an important part of the identity of the co-op and the possibility of changing the store name creates an added barrier: “One of the biggest obstacles to further mergers or amalgamations is a reluctance among many co-ops to give up the town name associated with their store, which is often the only significant business in town” (Ewins 2007, 33). The member who simply interacts with the co-op as a customer may not understand other members’ resistance to an amalgamation based on the loss of identity.

Impact on Control

Further, amalgamations represent a trade-off between co-operation and autonomy. Because at least one organization must give up some of its autonomy in a merger (Lang 2002), some member/owners are also concerned about the loss of control within larger co-operative organizations.

Representation, policymaking, and oversight are the three overarching areas in which members assume control of the co-op (Gray and Butler 1994b). More specifically, co-op members have the right to change by-laws, access co-operative records, approve fundamental changes to the co-operative, elect and remove directors, etc. (Axworthy 1990). In larger organizations, policymaking and oversight in particular can be more difficult. One reason is that board structures fail to match the increasing complexity of the operations (Butler 1988). While management confronts greater complexity with more specialization, the same board members are asked to provide oversight on issues beyond their expertise. Boards may become a rubber-stamping body for management decisions, and member control is subsequently diminished.

Co-operative growth may potentially move more of the decision-making power from the local to the central organization (Pestoff 1991; Hammond Ketilson 1990). Pestoff (1991, 70) argues that this shift in the locus of decision making impacts member participation, stating, “Most members will not normally make the necessary effort to attend local meetings if they feel that important decisions are made elsewhere.” In his analysis of participation rates of Swedish consumer co-operatives, Pestoff found a negative correlation between the size of the co-op and member participation at annual meetings. Smaller co-ops had a higher percentage of members attending their annual meetings than the larger organizations. Spear (2004) observed a similar pattern in data from the UK, where larger co-ops have a lower percentage of members voting at the AGM.

Lack of participation also brings up the issue of board legitimacy within large-scale co-operatives. Spear (2004) suggests that low participation rates in annual meetings and low voter turnout to elect the board threatens the representative nature of the board. That is, elected boards may not actually represent the interests of the larger membership.

Impact on Governance

The issues of control and participation are obvious concerns for multibranch co-ops. Axworthy (1990) presents an edifying court case that demonstrates some practical considerations for larger co-ops. The case involves a board decision to close a co-op that had been losing money. At the annual meeting, attended by only 202 of the 10,252 members, 68 people voted in favour of a resolution to reverse the board’s decision (22 opposed this resolution and the remainder abstained). The board did not reverse its decision despite the resolution being passed by a majority of those who voted at the annual meeting. The members took the dispute to court, where the judge ruled in favour of the board and management, explaining that the board was acting in the best interests of the co-operative. Despite it being an inconvenience to the members whose branch was closed, the decision took into consideration the entire membership that would benefit from closing the struggling branch. In addition, the judge concluded that the 68 members who voted to keep the branch open could not be considered as representative of the will of the more than 10,000 members of the entire co-operative.

Although the incident is relevant to all co-ops, the court’s ruling raises some important questions about democratic decision making in multibranch co-operatives, where potential

conflicts between the branch and the central are more likely. One obvious concern is that of voter turnout and quorums. As noted above, few co-operative annual meetings attract anywhere close to a majority of the membership. What recourse do members who participate in annual meetings have if none of their fellow members attend? This situation is even more problematic for larger, multibranch co-operatives that are unable to attract more than a few percent of their members to an annual meeting. What represents a quorum at these meetings? Are active members' opinions to be disregarded as the result of the inactivity of the majority?

Counteracting the Negative Impacts

Co-operative growth and the impacts of growth (both positive and negative) have long been discussed in the co-operative literature. Researchers have offered approaches for counteracting the negative effects on member participation, governance, and management that emerge within larger co-ops. Birchall and Simmons (2004) recognize that larger co-ops may never have a large percentage of members who are interested in being involved, but contend that mass participation is not a necessity. They suggest, instead, targeting three types of members for specific tasks within the co-op: (a) a few hundred members who will run for the board and represent the members; (b) a larger group of members who have some affinity to the co-op values, are interested in the co-op, will elect their representatives, and will vote on policy when asked; and (c) the rest of the members, who can be kept informed about the co-op and occasionally surveyed for ideas or suggestions. Thus, the co-op can focus its energies more effectively on specific groups, and through these efforts, achieve a sustained level of meaningful member engagement.

Further, multibranch co-ops may draw from federative structures and adopt principles that have made federations successful business models. Drawing from Fairtlough's work (2005), Pattison (2008) suggests that co-ops consider the principle of responsible autonomy. Through this, each branch is given specific goals and benchmarks to achieve, but is also allowed some leeway in how these targets are met. The Co-operative Retailing System (CRS) already employs a similar practice wherein independent retailers operate as autonomous co-ops but with some guidelines and goals introduced through Federated Co-operative Limited (FCL).

Similarly, multibranch co-ops might offer more autonomy at the local level, which could

lead to managers, boards, and members feeling more engaged in the activities of the organization. Responsibilities that could be managed by branch committees and managers of the regional co-ops include determining how community donations are to be spent, overseeing social audits, and holding meetings with other branch committees to discuss and share local initiatives, which could be then adopted across the region (Pattison 2008).

A number of suggestions have been put forward regarding the structure and development of governance models for large co-operatives. To improve board oversight, Gray and Butler (1994b) suggest specialized committees that focus on a single part of the operation such as a commodity or an area of specialization such as finance or member relations. To ensure that member interests are adequately represented in federations, Carman (1997) recommends that all local co-operatives have representatives on the board. In the case where this creates boards that are too large, he proposes that co-ops experiment with board structures. There might be two local representatives but only one who votes, for example; members who serve on committees but do not vote on board issues; or some type of rotational system among board members. The key objective is to involve local co-ops in the governance and to maintain the “ideological glue” that holds them together (Carman 1997, 17).

The main point is that co-ops should not become complacent about engaging members. Pestoff (1991, 63) argues, “Membership activity is not merely an expression of individual preference or predisposition to participate but also in part a response by members to the options for participation offered by the organization through its structures.” As co-ops grow in size, membership, and complexity, members may have to work harder to ensure that their interests are heard and understood, but the onus also falls equally on the co-op to ensure its structures are engaging members.

AMALGAMATIONS WITHIN THE CO-OPERATIVE RETAILING SYSTEM

THE CO-OPERATIVE RETAILING SYSTEM consists of 270 retail co-operatives across western Canada and Federated Co-operatives Limited, a wholesale, marketing, and distribution co-operative. FCL is owned by the independent retail co-ops that operate in the four western provinces. The retail co-ops have a combined total of approximately 1.3 million members and provide a range of goods and services including petroleum, groceries, agricultural supplies, animal feed, lumber, and home supplies (FCL *Annual Report* 2006).

Amalgamations are not a new phenomenon within the CRS, but unlike more recent amalgamations among neighbouring co-ops, the mergers among provincial wholesalers were large-scale and historic. The central wholesaler — FCL itself — is a product of mergers among various wholesalers and manufacturing co-operatives. One of the most significant of these was between Consumers' Co-operative Refineries Ltd. (CCRL) and the Saskatchewan Co-op Wholesale in 1944, which formed Saskatchewan Federated Co-operatives Limited (SFCL). The 1955 amalgamation between SFCL and the Manitoba Co-operative Wholesale created Federated Co-operatives Limited, which was joined by the Alberta Co-op Wholesale in 1961 and the BC wholesale in 1970 (Fairbairn 1989).

In 1965, FCL introduced the Retail Co-operative Development Plan, which created a plan for future amalgamations and would assist retail boards to consider proposed mergers. Ultimately, it suggested that local retail co-ops amalgamate with those in neighbouring communities (FCL *Annual Report* 1965). A Managers' Advisory Committee, composed of general managers of retail co-operatives, recommended a program of regionalization, in which the number of retailers would be reduced from 501 independent retailers to approximately 140 larger co-operatives within less than five years. The committee envisaged larger co-op units serving a regional membership with advantages that included improved management capabilities, especially for smaller communities; a more efficient use of personnel and the ability to hire specialists; strategically placed facilities to better serve members; and a regional membership number for customers. The committee emphasized that if properly executed, "...the change would not conflict with the democratic control of co-operatives" (FCL *Annual Report* 1965, 45).

The regionalization plan developed into what is known today as "Area Development." Rather than stressing amalgamations, area development encourages shared services among neighbouring co-ops, which FCL perceives as "offering the greatest opportunity for improving retail viability" (Fairbairn 2003, 37). Beginning around 2004, the *President's Newsletter*, a bi-monthly publication from FCL's board of directors, has included in the highlights a statement concerning area development. It reads:

The Retail Division encourages retails to work together to create System efficiencies through the Area Development Program. Many retails share fuel delivery, accounting and general management services. Others share bulk plants and cardlocks, bakery and meat cutting services, and security services. These types of efficiencies go a long way in driving costs out of the System, which results in more benefits for retail members (*President's Newsletter* 2008, 4).

Rather than directly promoting amalgamations as the only solution, the emphasis is on reducing costs in the system while passing benefits on to members. The statement suggests that the local co-op retailers decide on the type of agreement, whether it is cost sharing in service delivery or some other type of new management arrangement. Despite FCL's efforts in promoting its Area Development Program, the 270 retail co-ops operating in 2008 were still nearly double the goal of 140 the committee had set for the early 1970s.

The slow rate of amalgamations may be explained partly by the relationship between FCL and the independent co-operatives. As stated above, the retailers are member/owners of FCL, and as a result, decision making is not the same process as in an investor-owned firm (IOF), in which the CEO and higher-level management make decisions based on profit-seeking motives and adding value for shareholders. Within the CRS, amalgamation discussions and implementation are the prerogative of the local co-op boards, management, and members. There is no lead group directing how amalgamations should proceed or how fast.

Although FCL suggests that retail co-ops consider amalgamation, ultimately the decision needs to come from members at the local level. FCL President Glen Tully stresses that amalgamations are not driven from the top down; the initiative comes from members who see the need to do things that could keep the co-op viable (Ewins 2007).

The reluctance of members to engage in negotiations with neighbouring communities appears to be an obstacle that has slowed the rate of amalgamations. A strong sense of ownership, loyalty, and pride has long been a hallmark of co-op members, evident during the early merger negotiations between CSWS and CCRL:

On the advantages side were the elimination of duplication, polling of leadership, stronger financial position, and greater coordination with elimination of conflicting policies. On the disadvantages side were "loyalties to the present organizations ... especially among the men who pioneered these organizations.... There is a danger of losing something of value, even if only sentimental, if the organizations should be merged." Controls would be more remote (Fairbairn 1989, 110).

OVERVIEW OF STUDY

Case Studies

RESEARCHERS CARRIED OUT THREE CASE STUDIES to help develop a better understanding of the impact of co-operative retail amalgamations in western Canada:

- the amalgamation between Timber and Oakville³ co-ops in northern Alberta
- Vintage Co-op's acquisition of Robinson Co-op, as well as an earlier amalgamation between Vintage and Eagle Point in northwestern Manitoba
- the amalgamation between Harmony and Orange Creek co-ops and an earlier amalgamation between Harmony and Berrytown in southwestern Saskatchewan

These co-operatives represent a wide range of variables present throughout the Co-operative Retailing System. Some of the diversity captured in the research includes:

- geographic settings: a case from each of the three Prairie Provinces — Alberta, Saskatchewan, and Manitoba — is included in the study
- types of agreements: one was an acquisition; two were amalgamations
- familiarity with amalgamations/acquisitions: examples range from “first-timers” to co-ops that have more than fifty years of experience with amalgamations
- number of locations: including the central, the number ranges from two to thirteen
- size of trading area: co-operatives with more branches typically cover a much broader trading area and provide services to a larger number of members
- timing of the agreements: the Timber/Oakville amalgamation was completed approximately six months prior to the interviews being conducted, which offered perspectives on immediate impacts; the Robinson acquisition took place more than three years before the study

Data Collection

During September/October 2008, researchers conducted approximately forty face-to-face interviews with members, board members, and managers from the co-ops included in the case

3. The names of the communities and co-operatives have been changed.

studies. We held interviews in a total of eight communities, which included the retail outlets considered to be the “acquiring co-op” (or central) and those considered to be the “acquired co-op” (or branches).⁴ Staff of the selected co-operatives made the initial selection of participants; additional contacts were made through the snowball technique, in which the interviewee was asked to provide other suggestions for participants.⁵

Analysis

We categorized interview responses into approximately thirty topics, which were then arranged into four broad themes for analysis. They include the impact of amalgamations on the following:

- the membership structure of the co-operative, including changes to governance and to member engagement and participation
- the operations structure of the co-operative, including changes to products and services
- the management and staff
- the relationships that occur external to the co-operative, including the relationship with the community

In addition to these four themes, the analysis identifies some of the major motivations for, and concerns about, amalgamations. What were the events or circumstances that led to the amalgamation or acquisition? What factors or concerns may prevent other co-ops from deciding to go ahead with an amalgamation?

4. For the purpose of this paper, the acquired co-operatives typically have the following attributes: they are the smaller entity in the agreement; they approached the larger entity to discuss amalgamation; and they are the entity that changed its name. The acquiring co-ops are typically the larger entities; they house the administration and general manager’s offices; and they host the annual meeting.

5. We also make use of additional information and interview responses from a study conducted for an earlier master’s thesis to enhance the rigor of this study and to compare and contrast the impact of amalgamations. With twelve locations across northern Saskatchewan, the Prince Albert Co-operative Association (PACA) is another example of a large multibranch co-operative. Although it shares many of the same characteristics of the other larger co-ops, its unique governance structure offers useful comparisons with the other cases.

MOTIVATIONS AND CONCERNS

Motivations

TO GAIN INSIGHT INTO THE IMPETUS behind the amalgamations, we asked interviewees to give their understandings of what factors led the co-operatives to their decisions. From a geographical perspective, the main drivers behind the amalgamations were relatively consistent across the provinces. Regardless of whether the interviewee was from the co-op in Alberta, Saskatchewan, or Manitoba, he/she offered similar reasons as to why their co-operative chose to amalgamate. We can make a distinction, however, between the motivations of the acquired and acquiring co-operatives. In general, the more apparent and immediate motivations accrue to the acquired co-op, whereas the drivers for the acquiring co-op tend not to be as pronounced and are more long-term.

Motivations for Acquired Co-ops

The two major motivations for the acquired co-ops to consider amalgamation with or acquisition by another co-op were (a) the lack of capital to make improvements to facilities or to replace equipment, and (b) management succession. Increased buying power and the long-term viability of the store or outlet were less discussed but relevant incentives as well.

Capital

None of the acquired co-ops in the study were in financial difficulty, but most were in a position where they would not have been able to afford to replace equipment, add new services, or renovate facilities. The need to make the changes to the store or replace equipment motivated the boards to seriously consider the option to amalgamate. One board member pointed out that her smaller co-op was actually in a precarious situation, where one major equipment failure would have meant going into debt. Similarly, the cost of replacing a fuel truck was prohibitive for many smaller co-ops, but was deemed a necessary expense as petroleum delivery was a major part of their business. Further, these smaller locations had relatively small sales volumes and few assets, thus preventing them from borrowing money from the banks. The following comments illustrate the position in which most of the acquired co-ops found themselves:

We had well-intended board members and committed general managers. I mean you can have all that you want, but if you haven't got the money to do the things that you need to do, you are hooped. And seriously, spending a penny in that store was a major event. (Interview 10)

[The co-op] really didn't owe a lot of money, but really didn't have a lot either. And we were at the point where we needed to renovate the buildings and also at the same time we were due for a new fuel truck, so [the co-op] really wasn't in a position to make some of those big purchases at the time. (Interview 38)

In addition, some of the smaller co-ops were interested in providing more services to their members but simply were not in a financial position to do so. One case in point is the petroleum business, which requires a significant amount of up-front investment as well as a sound financial position to handle large outstanding accounts. One comment was:

And expansion of services in this town, i.e., perhaps a cardlock or a gas bar? Not in a million years ... because it takes money to do that. [The co-op] never had the money; never would have had the money. (Interview 10)

Management

An equally important incentive for most of the smaller co-ops was the challenge of attracting, hiring, and retaining a qualified manager. As the following comments illustrate, uncertainty surrounding management succession was a major impetus for amalgamation among the smaller co-ops. Often the boards' decision to amalgamate came at a critical juncture, for example when the long-time manager of the local co-op was ready to retire and boards were confronted with the realities of hiring in a small town. First, they could not afford to pay a qualified manager enough to attract him/her to their community. And second, small towns cannot offer many of the services people look for when relocating. Two interviewees noted:

Another thing that happens once it comes to that stage — you did have a local manager, the person lived in the area, and they decided that they wanted to retire. Then it becomes a problem of getting management to go out to the smaller areas and that's a major problem, really. You can get them there but you can't get them to stay there very long. (Interview 44)

There are different imperatives today as well, and critical among them is human resources. In the early eighties that was not an issue we discussed. Today it's a key issue. It may be the central issue is that to be successful you need some strong people — managers, professionals. And you cannot hire them in a small organization and you cannot attract them to a dying community. (Interview 19)

The advantage with a larger multibranch co-operative is that it can attract more qualified managers to the bigger centres. More experienced managers within the CRS tend to choose to relocate to larger and higher-volume retail co-ops. Thus, the multibranch co-operatives are able to attract more experienced managers. The centrals of multibranch co-operatives are also typically in the larger communities with more services, which may be more enticing to a manager as well. As one manager explains:

I'm not saying bigger is better, but you can get good quality people — attract good quality people — to a larger organization. And of course with the struggles or the pressure on the labour force, I think a lot of it is going to come from that. Not because they need to financially but because of their struggles to attract good-quality people. I think that's why you're going to see — you may see — more [amalgamations] in the future. (Interview 17)

Economies of Scale and Buying Power

Although buying power and economies of scale are often cited as the drivers of amalgamations among businesses, these do not appear to be major motivating factors among the smaller co-operatives. One explanation may be the relations of the co-ops with their supplier. As noted, retail co-operatives in western Canada own their own wholesaler — FCL — and therefore size and negotiating power may be less of an issue in the Co-operative Retailing System. Within the CRS, the member co-operatives work to ensure that all members are treated fairly. Nonetheless, some interviewees thought economies of scale and discount buying could be achieved by joining larger multibranch co-operatives. Some of the more obvious cost savings were the cuts to administrative expenses.

They have pointed out that the two boards together could save \$75,000 a year in admin costs because of course we were only going to have one general manager. (Interview 3)

Store Closures

One of the most common remarks by managers, members, and board members was, “I’m not sure what would have happened to this co-op if it hadn’t amalgamated.” Although all the co-ops were functioning moderately well on their own, many believed the long-term sustainability of the organization was in jeopardy. As stated above, many of these co-ops would not have been able to weather any sort of crisis — big or small. Some interviewees felt that size was a factor in the survival of smaller stores, considering the context in which the co-operatives operate:

Because I think in these days you need to be growing in order to survive. That’s the trend all over the country or all over the world probably. You see that in every business. The smaller you are the tougher it will get.
(Interview 4)

In a sense, preventing store closures could be considered the overarching stimulus as it encompasses the other motivating factors. Capital and management succession, for example, were thought to be particularly important to the long-term survival of the smaller co-ops.

Motivations for Acquiring Co-ops

The motivations for the acquiring co-op are not as explicit as they are for the acquired co-operative. Often the acquiring co-op is much larger, and consequently, benefits such as greater buying power and access to capital tend not to be motivating factors. For outside observers, amalgamations might be seen as a way to bail out smaller co-ops that are in debt and losing money. The “saviour” role was common in the past as co-operatives assisted struggling, neighbouring co-operatives, but another philosophy towards amalgamations is evident today. The following quotations from a manager and board member are illustrative:

[In] the early years, amalgamations were done because the other amalgamating co-op was in trouble and they couldn’t continue without the help of a larger co-op or somebody that had the financial ability to do that. So the impact on [the co-op] was probably in some cases a little bit negative because of the funds that were necessary to bring these co-operatives up to standards.
(Interview 33)

I guess what I would say to a lot of smaller co-ops is if you think you are ever going to want to amalgamate, do it while you are strong because [the co-op]

is not picking up any branches or any future co-ops that are in trouble. We are not taking on trouble. We will only take on a co-op that's in good shape and I don't make any bones about that. We are not out there to save some co-op that has run itself into the ground. (Interview 45)

The comments suggest that acquisitions and amalgamations can no longer be looked upon as the option of last resort for struggling co-ops, but should rather be considered as partnerships. The sense is that the acquired co-op needs to bring something to the table in order for the agreement to be both acceptable and fruitful for all co-op members.

Expansion and Co-operative Territory

Most interviewees understood the primary impetus of the acquiring co-op to be the opportunity to expand its trade area. One interviewee commented:

...we can't really market out into their territories without amalgamating with them and then moving on together. So for us to grow our business anymore, we couldn't. We were kind of stuck in the centre. So for us to amalgamate with [the other co-op] allowed us to market into that area for products that they are not already carrying, which is our home centre and our agro and our petroleum. (Interview 15)

A number of participants acknowledged that they were cognizant of each others' trade areas. Even if a co-op was not in a position to meet an existing demand, it was considered to be inappropriate for another co-op to provide the product or service if it involved crossing these unofficial boundaries. Therefore, amalgamations or some other type of agreement may be necessary to expand services in the communities.

Serving Dual Members

Another consideration for the acquiring co-op was the membership of the acquired co-op, which had approached them about the amalgamation. In most cases, members of the acquired co-op were also members of the acquiring co-op. Unlike the unwritten agreements among co-ops regarding trade areas, the co-operative principle of open membership does not restrict individuals from patronizing co-ops in other communities, and since the acquired and acquiring co-ops were likely to be in neighbouring communities, many customers had memberships in both. Some acquiring co-ops then felt compelled to at least consider the amalgamation request, not wanting to appear uninterested in serving current and potential

members in the area. One interviewee stated that the dual membership was a factor in Vintage Co-op acquiring Robinson. Since Vintage already had members in the Robinson area, they did not want to reject the amalgamation request outright, thereby sending a message that the co-op was turning its back on its members.

Changing Environment and Attitudes

Regardless of whether the co-op was the acquired or the acquiring, many of the interviewees perceived that people were generally more supportive and open to the prospects of amalgamation than they may have been in the past. Some of the following comments describe the growing interdependence among communities. The attitudinal shift is especially significant among co-op board members, as they are the ones who initiate negotiations, present proposals to the members, and make key decisions. Two interviewees described this transition:

I think there is less parochialism among the boards. It used to be completely attached to your hometown and it was like a bastion of defence — your town. Over time that has eroded ... and people are perhaps more businesslike. We have a long history of co-op governance in small towns and a lot of our boards kind of understand where they are at, what they are trying to do, and what it takes to do that. (Interview 19)

I think back in the fifties, sixties ... vehicles weren't as fast and people travelled less. But now I mean, just jump in the truck and drive to Regina if you have to.... I think if you had the same thing as back in the fifties, it may not even work. I think the communities were way more independent and to themselves. So it's definitely a thing of the times. (Interview 38)

Tangible examples of successful amalgamations have gone a long way in promoting a new perspective among co-operative members as well. With the slow but steady rise in the number of amalgamations across the provinces, co-op members are witnessing the advantages of these new partnerships. At the same time, they have also seen that their primary fear of store closures did not, in many cases, come to fruition. As one interviewee explained:

There have been a few good examples [of amalgamations] so that the downside doesn't seem as bad as it did at one time. I mean you do have a downside ... a fear of loss of control and of not being able to do what the com-

munity needs. But what has happened over the last decade is there have been a lot of mergers where actually for some small communities it has been better. The operations are better. There's more human and financial strength in the larger organization, allowing them to do certain things. So that perceived threat isn't as obvious. It didn't happen. People sort of didn't get taken over and then get shut down. (Interview 19)

In the end, these exemplars may be one of the more powerful motivators for co-op amalgamations. If the uncertainty surrounding mergers is lessened or eliminated as more people see neighbouring co-ops enter into these agreements, it may inspire more members to consider amalgamation as an option.

Concerns

This section, which addresses pre-amalgamation deliberations, deals with some of the fears and concerns raised during the meetings and negotiations. As all of the co-operatives in the study were involved in an amalgamation, each of them must have overcome these obstacles in order to merge. Interview participants were asked to discuss their own personal reservations about the amalgamation, and what they heard or discussed with other members.

Much like the motives, the concerns around amalgamations also varied depending on whether the enterprise was the acquired or acquiring co-op. For members of acquired co-operatives, the primary considerations centre on the loss of autonomy, governance and representation, and the fear of store closure and loss of services. Acquiring co-ops, on the other hand, were more cognizant of the potential impact of the merger on the overall profitability of their co-op and the subsequent decrease in member dividends.

Autonomy and Control

For members of the acquired co-op, loss of autonomy and control were two of the most commonly expressed concerns. This aspect was decidedly one-sided, as the acquiring co-op was not thought to be giving up any of its autonomy through the amalgamation. This polarity was most evident in the case of Timber/Oakville. Despite both co-ops giving up some control in the agreement (Timber members would lose two seats on the board), Oakville members felt they were the ones losing their autonomy.

The significance of a co-op's history and its impact on members' attitudes towards

amalgamation were not lost on the interviewees. Interviewees were aware that many people had put a great deal of time and effort into establishing the co-op and understood members' reluctance to change. A manager stated:

I guess the autonomy in the small co-ops have a bit of a concern. Nobody likes to lose their autonomy. They have built their co-ops. They have had board members that have worked hard to bring these co-ops up and of course once you amalgamate they are done. (Interview 34)

Well I think their biggest concern for people who were not for the amalgamation was giving up our control over the store. It was huge. We have had our control, or as we saw it, for more than fifty years.... So that was a big concern. (Interview 3)

Further, as might be expected, members from the co-ops with little or no amalgamation experience raised more doubts than members of a multibranch co-op who had been through the process before.⁶ Greater uncertainty surrounded the amalgamation between Timber and Oakville, as neither had previous experience with the process. Both Harmony and Vintage are well practised, so many of the concerns of members had already been addressed in past amalgamations. Two of the major obstacles for the Timber/Oakville amalgamation — the name change and board representation — were not identified as major concerns for either Orange Creek or Robinson. In fact, Robinson did not request to have representation on the Vintage board when it was acquired. Conversely, representation was a fairly major talking point for the members of Oakville:

The biggest concern was representation. They felt that two wasn't enough. That's when you look at the history of amalgamations, basically you only get one. And you are lucky to even have a vice-president at that point. So we got two and that helped things I think. They were concerned about control that goes along with representation. (Interview 2)

6. Size may also have been a factor. The two co-ops in this study, which had no previous experience with amalgamations, were closer in size compared to the experienced multibranch co-ops amalgamating with much smaller co-ops. The similar-sized entities may have felt there were more items they could negotiate, while the much larger co-ops had a certain degree of control in the negotiations.

The Name of the Amalgamated Co-operative

Deciding on a name for the new co-operative was also a key obstacle for the Oakville and Timber boards. One board member stated:

The name I guess is an interesting thing because it was probably the major stumbling block. We ended up in the position as the Timber board saying this is the name we want. Kind of take it or leave it. (Interview 8)

The name may have been a barrier for the two co-ops because the amalgam name — the Timber and Districts Co-operative — it is not a neologism like Vintage or Harmony. As an interviewee from Harmony explained, a generic name for the co-op may be more readily accepted by the acquired co-op members:

Community-wise I would say in our instance it has worked very well because of the name of the co-op. It's not like in Berrytown it's called the Berrytown Co-op; it's called the Harmony Co-op. And I think the communities accept that very well, where you don't have the city represented ... like the Berrytown Co-op in Orange Creek, Saskatchewan. This is the Harmony Co-op. I think the name is very important. (Interview 36)

An interviewee from Oakville also felt that a new name would be a meaningful first step in establishing the new partnership:

My thought was, we want us and them to be “we,” let's create a “we” name. Something that is not partisan on the “us” side and something that is not partisan on the “them” side. (Interview 10)

One interviewee appreciated the importance of the name and suggested that the way to overcome the stumbling block was to propose that the store continue to be called Oakville Co-op rather than promoting it as the new Timber and Districts Co-operative. The Prince Albert Co-operative Association (PACA) — also a co-op with a place identifier in its name — takes this approach. Each branch uses the local name to ensure that the connection to the community remains, while still being part of the legal entity with the PACA name.

Dividends

The impact on dividends was another issue that was predominantly a concern of the two co-ops going through their first amalgamation. The co-ops were apprehensive about entering

into a deal that could possibly see dividend payouts negatively affected. In this case it was Timber Co-op, the larger entity, that was worried that the amalgamation would lower the percentage it could pay out to its members. As a standalone co-op, Timber had been consistently returning high dividends over the past decade, while Oakville had not been paying anything to its members. And while members from the larger co-operative were concerned about seeing a decrease in their patronage dividends, members from the Oakville co-op were worried about how lower dividends would negatively impact the relationships between the co-ops. Some interviewees felt that if dividends decreased after the amalgamation, the blame might be placed on the amalgamation with Oakville, and some speculated that it might lead to pressure from Timber members to close the store in Oakville.

In contrast, none of the interviewees from Harmony or Vintage expressed much doubt over patronage dividends being reduced because of the amalgamation or acquisition. However, experience may not be the only consideration in this case. The difference in size between the acquired and acquiring co-operatives may also be a factor. The gap in sales volumes between Timber and Oakville was not as wide as that between Robinson and Vintage Co-op or between Orange Creek and Harmony, so there was a greater potential that Timber's payout could be lowered. That is, revenues (and thus dividends) of a much larger co-op are not likely to be impacted (positively or negatively) by amalgamating with or acquiring a much smaller co-op. On the other hand, two amalgamating co-ops of comparative size are more likely to have an impact (again, positively or negatively) on each the others' revenue.

	Acquired	Acquiring
Inexperienced	<ul style="list-style-type: none"> • Loss of control • Name • Number of board members 	<ul style="list-style-type: none"> • Impact on operations • Decrease in dividends • New name
Experienced	<ul style="list-style-type: none"> • Store closure/ loss of services 	<ul style="list-style-type: none"> • Few concerns

Previous Experiences

For all the co-operatives in this study, regardless of whether they were acquired or acquiring, large or small, people's past experiences presented significant obstacles to overcome in the amalgamation process. Many of these communities had already experienced the im-

pact of other mergers and the centralization of community services, which in some instances meant the loss of schools, hospitals, or financial institutions. Understandably, this had people apprehensive about the possibility of losing even more services. The following points are illustrative:

I mean this is a small town that's been through upswings and downswings and they've seen businesses close and they've seen amalgamations before that have closed businesses in this town. And in recent memory we lost a CIBC in this town.... They shut it down and everything is out of the [another community] branch now. So there are some hard feelings about big business trying to streamline things and I think that's where some of the opposition to this amalgamation came from. (Interview 10)

The biggest obstacle I guess I have seen is to not convince, but to make them feel comfortable because of the hospital closures, hospital amalgamations, and school amalgamations. At times they have lost those so they feel threatened. (Interview 36)

Some co-ops also had to deal with their own histories. For Timber, a major obstacle was an earlier unsuccessful attempt to establish a branch in the community of Mapleland. The store eventually had to be closed and ended up costing Timber Co-op millions of dollars. The failed expansion was still in the minds of many members:

And yeah, it was a real concern for our members. At the special meeting it was brought up. There was a lot of conversation on the street about the lack of success of that venture. We really had to point out that that was not an amalgamation; that was an expansion into another trading area. (Interview 14)

They had to bail Mapleland out over and over again. And some of these old-time members thought about that and I think they thought maybe the same thing would happen to Oakville. (Interview 9)

Interview responses also appear to substantiate the claim that co-operatives have a different relationship with community when compared to other enterprises. Closing a store was perceived as a loss not only for the co-operative members but for the entire community. Any potential pull-out of services can have a detrimental effect on the entire area, especially on those who are unable to travel to other communities to access services. The possibility of the

co-op shutting down, particularly if it is a grocery store, is even more significant, given that it is often the last store in a lot of these smaller communities. One member described this situation:

I just think they were really fearful that if this store closes that we have no grocery outlet in town. That was a major concern to a lot of people. We have families in the district who don't have vehicles. We have seniors who no longer drive so they need a store in town. (Interview 6)

Motivations and Concerns: Conclusion

An analysis of the data revealed a clear division between the arguments for and against amalgamation. The rationale for merging focussed on the business or operations side of the co-operative — capital, labour issues, and long-term viability. In contrast, the concerns and obstacles arose from the membership structure or associational side of the co-op — democratic decision making, member control, and autonomy. We can thus begin to understand the dilemma. Although co-op members may see the benefits of amalgamating from a business standpoint, they may also feel reluctant to enter into an agreement that could threaten what they regard as the fundamental principles of a co-operative.

The next sections of this paper explore whether the benefits and concerns discussed above were realized. Did members of the local co-op feel as they had lost control over the business? Were the smaller stores shut down or services discontinued after the amalgamation? Were dividends negatively impacted? Were the acquired co-ops able to obtain the necessary capital to update their facilities or equipment? Did the amalgamation help alleviate concerns about management succession?

IMPACTS ON THE MEMBERSHIP STRUCTURE

Locally Run and Controlled

Retained Control

CONSIDERING THAT ONE OF THE MOST FREQUENTLY DISCUSSED CONCERNS about amalgamations was the loss of control by members, we asked interviewees if they felt that their co-op was still locally run and controlled now that they were members of a

larger, regionally based co-operative. Somewhat surprisingly, most interviewees agreed that the co-op was still locally controlled, and for a number of reasons.

Members' Input

Respondents pointed out that the members and their boards still have a say in the decisions that are being made. One manager suggested that the members were still in control but stressed the important role that management plays in whether the co-op remains that way or not. He also emphasized that members are ultimately responsible for hiring managers who believe in the co-op principles.

Board Involvement

Representation on the board seemed to be an important criterion for many, particularly members, in determining whether they perceived that the co-op was locally run. Some felt that having a local member on the board assured that their interests would not be ignored within the larger co-operative enterprise.

The New Local

Many of the interviewees understood that the context in which their co-op operated was changing, and with it, the extent of their control. There appeared to be a shift taking place around the mental construction of "local," which has expanded to include a larger geographic area. Respondents saw local control leaving the community to some extent, but they felt it stayed within the region. Some of the comments suggest that because the communities in the region share the same economic background (agriculture) and have a common trajectory, the decisions made were in the best interests of those in the area.

One board member made the point that the co-operative can still be considered local because its profits remain in the communities rather than leaving the region:

I think we understand our region reasonably well so to that extent we are local. The accumulated wealth and strength here is not going to be invested somewhere else. It's going to continue to be invested here. We're not leaving.
(Interview 19)

Lost Control

Some of the interviewees felt control issues had less to do with amalgamations and local changes than with the relationships with their supplier, FCL:

I think the co-ops are locally run and somewhat locally controlled. I think from my experience being on the board, we do run our own store and we do control what is happening in our own store to an extent, but everything is governed by FCL and if they don't want something to happen a certain way, it won't. (Interview 3)

Several people accepted that the centralization between the individual co-ops and FCL had to occur for the co-ops to survive. One board member made the point that relinquishing control is sometimes practically a necessity, given the circumstances surrounding the retail industry. With increasing complexity in marketing, human resources, and other matters, it is not only the smaller standalone co-ops that have had to make this choice, but all co-ops in the CRS. In the past, co-ops have given up control voluntarily to ensure continuity and build a combined strength in the system. As the following comment illustrates, local boards could still make their own decisions, but the strength in the system originated from co-ops acting as one common unit:

Because the society and the market are so much more complex and competitive, there are a lot of things that we have to do centrally that we don't control. We don't have to do it. If Federated develops a certain marketing program for the system, we are not obliged to take it but we would be crazy not to, because if we don't act as a system we are just going to lose strength. I mean how can every co-op develop human resources policies and every co-op develop a marketing approach and an image and a brand? So those are all things that in a sense we don't control as a board. (Interview 19)

As a final consideration, one interviewee expressed the opinion that perhaps the issue of control is a moot point as the typical member is more interested in the services provided than the democratic decision making within the co-op. This same sentiment was shared by some of the board members and managers we interviewed, who felt that the average member was not concerned about who was making the decisions and that people were probably supportive of the amalgamations if it meant increased or better services, or higher dividends.

Local Feel

Does being part of a larger multibranch operation change how members feel about the local store where they interact and do business? Do members feel a kind of "bigness" to the co-op and how it operates, and if so, does it alter how they relate to their store or the co-operative in general?

One board member had the impression that older members were more aware of the changes to the store than the younger generation. He said that long-time members felt as if the store was becoming more businesslike and they did not feel as close, or as connected, to the store as they once did. Another interviewee perceived the co-op to be just like a major chain such as Canadian Tire or Wal-Mart; two others commented on the loss of personal attention:

Well, when we first amalgamated, a lot of people were not too happy with it because they felt that they weren't getting the attention that they usually got — personal attention in the store. (Interview 24)

Now, for instance, if you have a problem with your account, it is not the branch manager anymore. It goes direct to the computer system and they send you friendly letters automatically, and before you could go in and talk to the branch manager of the retail and you could discuss things with the branch manager.... They are doing their job, but the personal touch is really not there. And if you wanted the personal touch, you would have to come into the city and talk to the person in charge, which is not as handy. (Interview 37)

For some members, it was important that the staff remain the same. This was seen as a way of retaining at least the feel of the local, even if members felt the co-op itself was not locally controlled.

We have no voice, but the flip side of that is that I still feel it is my hometown co-op because of the staff here. The staff didn't change. (Interview 29)

Oh yes, because most of the people that work there are local people who live in the area, and there are a few I think come from Hawktown maybe, but most of them are living here so we kind of know them. They know your number. You don't have to give them your number.... So yes, I think it feels like the [local] store. (Interview 24)

Member Involvement

The primary way in which members stay involved in the activities of the co-operative has not changed significantly. The annual meeting is still the principle means by which members

can learn about the activities of the co-op, and any member has the opportunity to run for the board if he or she chooses. Several interviewees felt that a larger co-operative in no way altered how members could participate:

I don't think it has changed and I don't think it will change. If they wanted to be involved in the co-op before, they have the same opportunity now as they did before too. There is no difference I don't think. (Interview 15)

Interviewees suggested that the onus was still on the member to get involved through these channels, whether it was attending the annual meeting or running for the board.

Annual Meeting

Without analyzing participation rates over a longer timeframe, it is difficult to discern whether amalgamations have impacted overall attendance at the annual meetings. Nonetheless, it can be said that branch member interest at these events declines if the meeting is no longer held locally. Most branches reported having reasonably good turnouts at their annual meetings before they amalgamated. Prior to amalgamation, for example, Robinson had eighty to one hundred in attendance, but now Robinson members and management were unable to name anyone who attended the annual meetings in Hawktown. Others from the branch commented as follows:

Previously we would have about 12 percent of the membership attend, which I thought was low, but through Federated meetings we found out that if you get two or three percent you are going good.... But after we amalgamated, we'd have branch meetings and that was just generally coffee and donuts and a varied handful of people, so that was discontinued. (Interview 37)

That is one thing that I noticed. At our Appletown Co-op annual meetings we used to average sixty to eighty people, and those same sixty to eighty don't go to the annual meeting. (Interview 38)

Some of the respondents did not perceive the low turnouts to be a problem created by amalgamations but rather a general trend in member involvement in co-operatives, whether as a standalone or multibranch organization. Other interviewees saw lower participation rates not as a result of larger organizations but of changing attitudes about community involvement in general:

If you look at the grassroots organizations within a community, i.e., the chamber of commerce or business development or even go back to a Knights of Columbus or any of those organizations, they are having the same troubles as we are. Nobody has time to give to their community and they choose not to give because they have such a busy and varied life. (Interview 43)

Many branch members were not interested in participating at the annual meeting because of the distance they would have to travel to attend, while others felt that they had little impact on the decisions being made. One person remarked, “I think they just felt that they couldn’t do much about anything. It was sort of done on a board level.” (Interview 24)

Amalgamations may also alter the representativeness of the members participating in the annual meeting. That is, the turnouts may not be representative of the co-operative’s full membership as the majority of those in attendance tend to be from the host community. For Harmony, most of those in attendance were from Berrytown, and for Vintage, most came from Hawktown. As the co-op grows, it may become more difficult to attract people to the annual meeting who are representative of the entire membership, as the community that hosts the event is over-represented while the outlying communities are under-represented. Two comments were indicative of this trend:

We don’t even get representation from every branch. No way. Every branch is not represented at the annual meeting. Our annual meeting runs somewhere between 100 and 150 people, and a lot of it is local people right from the city and older people. (Interview 45)

Well our annual meeting is primarily [Central] people because we have it in town here. We provide a supper, but there is a small group that will come from [branch] and generally we have a few members out of [another branch] that will come up. The [branch], the first year or two there were people there. I don’t think this last annual meeting I saw anybody that I recognized from [the branch]. Annual meetings are funny things. They are really not representative of our members. And they really only create interest if there is a problem or if there is something going on. (Interview 21)

Board Participation

Amalgamations do not appear to affect member interest in running for the board in general — the level of involvement appears typical of most retail co-ops, large or small.

Multibranch co-ops offer similar opportunities for members to get involved, but the responses from members suggest that they were less motivated to be on a regional board. This is evident from the fact that although a local co-op would have a board of seven to nine people, few (if any) of these directors interviewed were interested in running for the regional board. One former board member from a branch left the board because she thought that the meetings were too lengthy; another resigned because he felt it was too inconvenient and he was just not interested in being on the board anymore.

A few of the interviewees suggested that members from branch communities may have a harder time electing someone to the board. They noted that one of the problems is getting enough people to the meeting so they can vote for the person running:

When you are out of town, if more people are at the meeting from other centres or from in town, it could affect the vote. And naturally, the further you are away, probably the less support you might have. (Interview 37)

Not everyone interpreted the developments as being entirely negative. One person commented that being in a large multibranch co-op may relieve some of the pressure for smaller co-ops to find board members:

And it has always been a problem filling the board. The whole time I was on there you really have a problem getting your seven directors. Not that many people are interested. So now we have two. The chances of getting two are better than getting seven. (Interview 2)

It may also be that those members who were on the local co-op board felt less pressure to be on the regional board. It may be difficult to say no when a close acquaintance asks you to run for a board position, but at the regional level the relationships may be less familiar, thus making it easier to refuse the request. Being part of a larger group may possibly lead to the “someone else will do it” mentality.

The Changing Role of a Board Member

Region versus Community

The roles of the board members of a multibranch co-operative also undergo their own transformation. Board members no longer represent their local co-op but must act as agents for a regional membership. This may involve making decisions that affect people they

may have never met and towns they may have never visited. Interviewees acknowledged that most board members adapted well to their new role:

A board member will fight for his little town, but it doesn't get to the place where he is only interested in that. You understand very quickly that you are a board member of the [co-op]. (Interview 44)

But I'm opposed to [district representation] because I think that when you come onto the board of the [co-op] you are on the board of the [co-op], representing the best interests of the [co-op], and that's for all the members everywhere. (Interview 45)

Responsibilities

Most of the board members encountered an increase in their responsibilities as their co-op expanded in terms of members, branches, sales volumes, and the number of services being provided:

We are talking about bigger dollars now so ... I think it's more important that we do research about what we're making decisions on. And I think that's been happening. We have sent things back and tabled them for other meetings just because we don't have time to get all the information right now. (Interview 8)

The increase in responsibilities may deter people from running for the board:

We primarily have evening meetings but they can run a long time even though I think they are fairly well run. But we are a big organization and there's lots of stuff to do. So that becomes a problem in attracting people — the time that is involved. So that is a bit of a struggle. (Interview 21)

In a slightly different vein, some of the comments suggest that the added responsibilities and greater commitment required by a multibranch co-op will attract people who are more committed compared to boards of smaller independent co-ops. As noted earlier, members may not feel the same kind of pressure to be on the board of a large multibranch co-op. Consequently, only those members who truly want to do the job will run for the board. As one member explained:

[The co-op] could get more aggressive people because the people that really want to be on the board will do it. (Interview 2)

One of the multibranch co-ops, as it continued to grow through amalgamations or acquisitions, decided to run full-day meetings, which might possibly have excluded many from running but might also have brought in truly committed groups of people interested in the welfare of the co-op.

The roles and responsibilities of the board and management may be better defined in large multibranch co-ops. Board micro-managing, which can be challenging for any organization, may be less prevalent within a larger multibranch system simply because there is no time for boards to go into the day-to-day operations. The board must focus on what it is elected to do — setting policy, approving the budget, determining equity allocations, and evaluating the general manager's performance. One board member said:

Because we are one of the most diverse co-ops in the system ... the [general manager] doesn't report to us on every department. We go through that periodically. About quarterly or so we go through every department and see where we are at for earnings and losses and that, but in [an independent co-op] we went through every department every board meeting. That was quite a difference for me when I came on this board because we didn't do that. But I mean it's not feasible here. (Interview 45)

In my earlier years as a retail manager in a smaller organization with maybe a single branch or two branches, of course you can dive into the operation a little more. And at this level it is impossible to do an analysis on thirteen or fourteen branches at every single board meeting.... So I mean it's just appropriate to think that it's the bigger picture that's getting looked at.... They hired the general manager to look after the day-to-day operations. (Interview 17)

Governance Structures

Boards

Governance structures of large multibranch co-operatives have remained similar to those of standalones. The biggest change is for two newly amalgamated co-ops, such as the Timber and Oakville case, which tend to institute reserved seating, i.e., board seats are divided proportionally according to the number of members for each co-op. On the Timber and Districts board, the number of directors remained the same but a minimum of two seats out of

nine were made available to the members of Oakville, with the other seven coming from the Timber area. The ratio of board members was determined based on the number of active members at each location.

The same type of board selection was done when Hawktown first amalgamated with Eaglepoint, but the practice was changed as the organization added more co-ops. As one participant argued, reserved seats are much more difficult for larger multibranch co-ops like Harmony:

You get nine directors and if you have twelve, thirteen, fourteen branches, you get too many people at a board meeting and nothing gets done.
(Interview 37)

Vintage and Harmony also have a board of nine, but because they are larger co-ops with more branches, they have no assigned seats for particular co-ops. Nonetheless, they do try to spread the representation on the board across the region, even if it is not part of the co-operative's by-laws.

Committees

In the past, both Harmony and Vintage established branch committees as a way of maintaining local involvement, but in both cases these committees are no longer operating. Most interviewees felt that they were disbanded due to poor turnouts. The following comment was illustrative:

We used to have branch committees but [they] disappeared because again a lack of people's time. You would go to meetings and it would end up being the branch manager and maybe the presidents of the committees and that's all that would show up. (Interview 34)

Some of the research participants conjectured that people were not interested in attending the meetings because they thought the committees did not have any real power in the governance of the co-op. Although the committees could offer input into what was happening at the local outlet, there was nothing to say that these suggestions should be followed through by the co-operative. As two interviewees remarked:

But when we were first amalgamated, we kept the Appletown branch committee board. I think it had five or seven people on it. But they didn't have

any control. They were just eyes and ears, I suppose, or to get suggestions or information. (Interview 38)

They were just an ad hoc committee. They didn't have any legal representation. (Interview 36)

One manager suggested that there was a change in how the decisions were made by the co-op, so the local branch committees were not as necessary as they might have been in the past. The central co-op was more proactive in identifying branch needs and setting priorities, so branch committees did not have to ask for, or pressure, the central to act. He added that in the past they needed members to support the projects by raising funds or selling bonds. The co-ops today have enough capital to allow them to proceed without this type of upfront engagement. One multibranch co-op continues to use the local committees as part of their governance structure. However, they are also experiencing the low turnouts that led other co-ops to disband the committees altogether.

Communication within the Multibranch Co-operative

The diagram of the co-operative structure shown on page 11 suggests that communication could be impacted in a number of ways:

- vertical two-way communication between members and the board of directors
- horizontal communication between the board of directors and management
- horizontal communication between members and management
- vertical communication between management and staff

We will examine the first three lines of communication in more detail in the following section; the fourth line will be discussed under the section on management (below). Overall, the means of communication for the multibranch co-operatives do not depart much from the methods of other co-ops. As stated above, the annual meeting remains the primary way in which the co-op management and board share information with members; secondary modes of communication include newsletters and newspaper ads. Informal communication between board members and members or between managers and members also remains a common form of information gathering.

There appeared to be a general understanding among the interviewees that everyone involved — members, board members, and management — had to work harder at providing

and accessing information within a multibranch co-op. Amalgamations make communication a greater challenge simply because more lines of communication are needed due to the added branches and the larger geographical area encompassed by the amalgamated co-op.

Communication between Members and the Board of Directors

The amount and type of information board members receive from members did not appear to have expanded despite the increase in the number of members. This may be because members were uncomfortable about approaching someone with whom they were unfamiliar (either new board members or managers), or they may have felt the co-op was operating well and therefore had no complaints.

Boards tried to stay visible to members by handing out cheques during “Equity Days,” but most admitted that they had little opportunity to talk to members during these occasions. Two board members expressed concern about getting information out to the members in their multibranch co-operatives:

I think it can be an issue. If members have absolutely no sense that this is a bit of a different business — you know that there is something special about this business — if you have no sense of belonging to it or that they are connected to it, that is a risk because then they will only support you when you are the best. (Interview 19)

If the member doesn't know what is going on, it becomes a problem for the system, for the democratic side of the system.... So if there is no interest in what's going on, there's certainly no interest in becoming part of it. It's a problem for bigger co-ops. (Interview 21)

Others felt that it was not really that important to get information out to the members because most people were generally not interested. When asked whether the branch needed more information from the co-op, one board member responded:

Do you think the average member cares how much information they are getting back from their co-op as long as they are getting good service and they are happy with staff? (Interview 45)

One interviewee stated that it was up to the members to gather information if they wanted to know what was going on. The information is made available and the members can access it:

If you are interested, [the information] is out there. And I always said that if you have a beef or something that you would like to see changed, well it's up to the member to stand on the street corner and try and change it.... If you want to know what [the co-op's] services are and that kind of stuff, it's all out there. You just have to read the flyers that come in and ask a few questions, then you can get [the information]. (Interview 44)

Communication between the Board of Directors and Management

Despite the increase in information, the general manager still meets with the board just once a month, but these meetings tend to be well structured, with processes in place for planning and budgeting. However, the type of information the board and management share does change, with less time spent on the smaller details of the operations. A board member expressed concern that it was more difficult for the boards to deal directly with member complaints. Although he realized that boards have a great deal to discuss as it is, he felt that it was unhealthy for the boards not to go over legitimate member concerns about how the co-op operates.

Communication between Members and Management

In larger multibranch co-operatives, there seems to be a shift in where members go when they want to discuss something about the co-op (most interviewees stated that these are generally complaints). The interviewees said they are more likely to approach a branch manager than a board member. For branch members who have no local representation on the board, approaching the manager is obviously the easiest and most effective way to go.

I would probably take it to the manager of our local co-op. (Interview 31)

I mainly deal with the branch manager and I go to the annual meetings. If there was a big problem, I would voice my opinion. But so far it's been good. (Interview 37)

A member of one of the branches thought that people were less vocal because they were worried about losing other services in the community if they appeared to be complaining. Thus, the fear of losing the store clearly impacts how members interact with their co-op:

They say, well, if we complain they'll close the store down ... or close the service station down, and we don't want them to do that. So most people

just don't want to complain or say too much about things that aren't running well or running the way they want it to or think it should run... We still get our equity but it's more like a Superstore. If you go and shop there, you have nothing to say about what Superstore does. (Interview 24)

Members receive information from management through reports in the newsletters and at the annual meeting. Much of the communication is also done through advertising in the local paper. The members who were interviewed felt they received a sufficient amount of information, with some voicing the opinion that they did not really need to hear all the intricate details of the co-op and were not interested in receiving more information than what they already got.

Several of the managers believed that the onus of information gathering was on the co-op, and that larger co-ops may be able to delegate more time and resources to this activity. One multibranch co-operative has taken an aggressive approach in this regard. During the winter months, managers will visit anywhere from two hundred to three hundred members in their homes to learn about their perceptions of the co-op and ways to improve services. The co-op considers this a highly productive practice that allows them to ascertain members' needs far more easily than through the annual meeting. Managers have found that members are more engaging and candid in one-on-one meetings.

Despite the benefits of these types of information-gathering expeditions, the implications also need to be considered. For instance, what impact does this have on the annual meeting? Does it detract from the value, usefulness, and democratic process of general meetings? How is this information shared with the boards and other members who do not take part in these one-on-one meetings?

IMPACT ON THE OPERATIONAL STRUCTURE

Services

THE MOST IMPORTANT ASPECT OF A CO-OPERATIVE is the products and services it provides to its members, as meeting members' needs is the primary reason why a co-op is established. In general, the types of services of the acquired co-op do not change significantly after an amalgamation. There have been no instances in which grocery stores have

been converted into agricultural supply outlets, for example. Nor did the number of services increase or decrease in the acquiring co-op. In some cases, the acquired co-ops increased the number of services, whereas in others, they lost them. Cardlocks (self-serve gas pumps) were the most common type of added service. Members may also have access to expanded services as a result of being part of the larger co-operative. One illustration of this is that few small standalone co-ops could afford to hire an agronomist, while some larger co-ops employ one as a service for all their members.

Rationalization of Services

Rationalization — moving services to a central location — is one of the biggest fears for customers with any type of merger. People then have to drive farther to access what was once available in their local community. For these particular case studies, the amalgamations have not resulted in a significant loss of services, but in some cases it may mean a different way of providing the service. Fuel delivery is the most common example. Multibranch co-ops co-ordinate their delivery to farms, which in most cases results in larger trucks travelling longer distances. Depending upon their location, branches may or may not operate their own fuel truck. Because the amalgamated co-op tried to ensure that a change in service did not involve a layoff, most members felt that the reorganization of service delivery was not a problem.

Interviewees, including managers, rarely discussed amalgamations as a cost-cutting measure, particularly with respect to the reduction of services in branch communities. Cutting services or closing a store are often seen as the options of last resort. As one board member explained, the larger multibranch co-ops are able to keep a store open even if it is not making money — an option not available to the standalone co-op. As one interviewee commented:

My attitude is that we need to do things that are economic, but we don't have to maximize our profit. For example, if we have a little store somewhere that is just breaking even, or even slightly losing money, but people in that area are generally supporting us, we have got a bunch of fuel customers out there and unless we are losing a lot of money we are not going to withdraw service. On the other hand, we won't wreck our reputation by doing something that we are terrible at. (Interview 19)

Despite this approach, multibranch co-ops have had to cut services or even close branches. Robinson's hardware section was discontinued; Eaglepoint lost its garage; and Harmony has closed a few of its branches over the years. The decision to terminate a service can lead to hard feelings and a lack of trust among members. Often there are differing opinions as to what is essential in a community — for small communities with few businesses, in fact, any service could be considered essential. One member felt strongly that a particular service was important, but after the amalgamation, it was discontinued:

It may not be making money, but it is a service to our members which we need in the town. But when we amalgamated, it was just done away with.
(Interview 24)

Nonetheless, most interviewees understood that the service likely would have been closed eventually, even if they had not amalgamated.

Quality of Services

For most acquired co-ops, the delivery of services has improved for customers. Vintage's acquisition of Robinson has meant that branch store hours have increased, which better fits with shopping patterns during the summer months, when an influx of cottagers come to the community. Members appreciate that the store also now opens on Sundays — a policy that was not in place when it was a standalone co-op. Most interviewees reported better customer service at the branch outlets. Branch managers commented that the multibranch operation expected a higher standard of service compared to what was demanded in an independent co-op. One branch supervisor talked of the central management "raising the bar" for member services at the branches. For some co-ops, this translated into opening more tills during the day and providing customer service in the grocery department (i.e., helping shoppers carry grocery bags to the car).

As the co-op grows, so too does the opportunity for more sharing of services. For agricultural supply outlets, rental equipment can be moved around within the region. As a result, some interviewees recognized that the co-op's equipment was of much higher quality and better maintained. One board member commented on the quality of service the larger co-op is now providing to all its members:

I'm really proud of a lot of our facilities, and those towns wouldn't have those facilities if they weren't a part of [the regional] co-op. We have good

equipment on the roads. We have really good fuel trucks, good contractors for hauling fertilizer. We have a high-clearance sprayer, or two maybe now, that we contract out. We have some good services with good equipment. I'm really proud of what [the co-op] has done here and in the communities around them. (Interview 45)

Products

Product Variety and Availability

The amalgamations have allowed some co-ops to adopt new delivery methods for their branches. Vintage Co-op, for example, sends a van to both Eaglepoint and Robinson to deliver fresh-baked goods and fresh-cut meats on a daily basis. Branches offering groceries were the most likely to see greater product differentiation as these remarks suggest:

They offer more variety than they did before. (Interview 26 Member)

In the long run I think our members, the [branch] members, gain the availability of more selection, being able to get a lot of things that they couldn't get before. (Interview 32)

There have also been expanded product lines for co-ops dealing in agricultural supplies:

There's been a lot of changes, a lot of products added that I didn't sell before (Interview 47)

The amalgamations seem to have little impact on the product variety of the central. Unlike many of the mergers among larger corporations, the larger co-ops do not take on branches as a diversification strategy. One reason is that the types of products marketed by independent co-ops are not much different from one co-op to the next. This probably has to do with the shift that has taken place in the CRS over the last twenty years — the focus on a few key product lines and the elimination of others. A large number of co-ops used to offer clothing, electronics, and furniture, but few offer these today.

Pricing

The CRS has standardized pricing for most goods — regardless of location — so amalgamations do not seem to affect prices at the branch outlets. Most, if not all, of the

interviewees were of the opinion that prices are standardized throughout the region and are comparable whether living in a small community of a couple of hundred people or living in the larger urban areas.

The price is the same in all the co-ops so the price was good. It was comparable to all the other stores. (Interview 33)

Interviewees noted the significance of consumer mobility and the necessity for any co-op — large or small, branch or central — to keep prices competitive. Several people commented that they knew consumers were well aware of the price of goods and were willing to travel to other communities for better prices.

Amalgamations have allowed the branches to run the same flyer as the larger stores, which means that they have more sale items on a broader range of products. Typically, smaller independents can only run half-flyers, which puts pressure on these stores if another larger co-op is nearby offering a broader range of sale items. Members would often ask why their local co-op was not offering the same deals.

Products and Services: Continuing Concerns

Although the majority of the interviewees felt positive about the changes in the products and services provided by the amalgamated co-op, some did make the point that amalgamations have not been the panacea for certain problems pervasive throughout the retailing system in western Canada.

For instance, multibranch co-operatives are not isolated from the vagaries of the labour market. Some people felt that service provision had not improved since the amalgamation, but they related this to the broader phenomenon of labour shortages. When asked about his co-op's customer service since the amalgamation, one manager commented:

Well it hasn't improved, it's gotten worse. And it's got nothing to do with the co-op. It's got a lot more to do with the reality of what most businesses are going through these days, just being so short of help. (Interview 35)

In addition, many of the grocery stores still had difficulties; although product variety may have expanded for the branches, the stores still face the problem of empty shelves. One interviewee commented:

We do have the same problems with supply. That hasn't changed because of the amalgamation.... If you stopped at Wal-Mart and happened to look down their food aisles, they have holes in their food aisles too. It isn't just us.... It is a supply issue. It is a trucking issue. It's a staffing issue.

(Interview 10)

As discussed in the section on management (below), larger multibranch co-operatives may be better at dealing with these types of issues (e.g., hiring practices, logistics) than smaller independents. More research needs to be done to determine the extent to which multibranches are better at stocking branch shelves compared to independent co-ops.

Capital Investments

The amalgamations had a particularly significant impact when they involved changes to co-op facilities through renovations or the construction of new buildings. In almost every instance, the amalgamation or acquisition translated into an eventual upgrade for the branch. Many of the interviewees commented that the small communities now had stores (grocery or agricultural supply) comparable to the city:

But if you come down there and see the place, they have really done a makeover on the building. (Interview 36)

The quality of the store — it was unexpected. It's way ahead of its time I think. (Interview 33)

We rebuilt everything in the [branch co-op] — complete renovation of the food store, new truck, new service centre; we did a whole bunch of stuff that they never would have been able to do. At the same time, dividends are consistent (Interview 19)

Members of the branch co-ops were surprised by the breadth and speed at which these changes occurred:

We kind of expected scanners to be put in, but we have got to wait our turn and maybe there's no money and stuff like that. We were a small store and we just didn't expect to have miracles happen that fast. (Interview 28)

But it's like here they told us that they would consider upgrading. Well,

within two years they had new freezers ... they upgraded the interior of the store as well and so on. And there was no hesitation. It became a management decision. (Interview 32)

Making the changes promptly to the local branch stores was a way for the amalgamated co-op to show its support for the local community. It also gave the members reassurance that the co-op had no intention of pulling out of the community as long as the members supported it. Installing scanners, replacing freezers and coolers, and constructing cardlocks sent the message that the multibranch co-op is prepared to stay and may ease the communities' fears of store closure. As one manager stated:

And now they just see lots of good stuff happening. They know now that the store is here. No matter what happens, this store is going to stay here and serve them. (Interview 15)

Many of the interview participants in one particular case attributed the developments at the branches to the size of the multibranch and the capital it had to make the needed changes.

And actually they have done a lot of major changes. They were able to make the changes that we could not as the [local] operation on our own. Some of the things that they were able to do was because they had the funds to be able to do it, whereas we didn't. And second, they had the size and the volume to be able to do it, to make changes that only made sense. (Interview 32)

Before the amalgamation we should have built that chemical shed, but we didn't have the money.... They had the capital, they didn't have to borrow everything, so they built that right away. And then this cardlock out here — just [the local] co-op never could have done that. They had money to do that. (Interview 41)

Out-Shopping

Most of the members interviewed were loyal to their own store and felt it was important to continue to shop there if they wanted to keep the store operating. So the amalgamation did not change their loyalty to their local store, but it has changed other shoppers as most of the co-operatives witnessed an increase in both sales and the number of members. One

member was of the opinion that the membership in general became more loyal due the amalgamation:

The membership seems to stay more stable. They become more loyal to the main branch, the main operation. (Interview 44)

One of the branch managers reported that the sales volume for his store before amalgamation was approximately \$400,000 and that same store today has sales of around \$3 million. He attributed the increase to the fact that the store offers more, and better, services.

Many of the changes to the local branches seem to have had an impact on people's shopping patterns. Even the larger centrals — despite populations stagnating — have witnessed an increase in sales:

But our volume hasn't dropped at all. Our litres at our service station are up year after year. Our food store volume hasn't decreased. Our home centre sales are always increasing too. So maybe the same people instead of shopping somewhere else are coming here to shop. (Interview 23)

Further evidence of changing shopping patterns was the increase in memberships since the amalgamation. Both Oakville and Robinson reported an upturn in membership applications. It is not clear if these are people who regularly patronized the store but never bothered to get a number because of the lack of dividends, or whether it is entirely new people coming to the store.

Other factors that may stem the amount of out-shopping in these communities are discussed below.

Store Improvements

A nicer looking store, a better quality and range of products, and more sale items had people excited about shopping in their local store. As one member and one board member observed:

And I know the membership is supporting the store because it's twice the store it used to be, or more. (Interview 33)

But we retain more business in [the branch co-op] now than we did before because we have a better offer. It looks better and the produce is better. The

store is more attractive. The staff is pleased so they are positive towards the members. (Interview 19)

Product Quality and Pricing

The increase in product availability and improvement in quality may help reduce the amount of out-shopping, especially for grocery stores that have to stock fresh produce and meats. Some of the interviewees commented:

You know we are also expanding the [co-op] store to carry more variety of products, which we are hoping alleviates the need to go somewhere else to get those items. (Interview 15)

We used to get just a supplement flyer here and people would go over to [a branch co-op] and shop because of that big flyer. But now the prices are the same, as far as I know, the same throughout all of the [multibranch co-op] stores so there is no reason to go anywhere else. (Interview 33)

Dividends

The payment of dividends may also have an impact on member loyalty and out-shopping. The disparity between what a small co-op can pay in dividends compared to the larger co-op tends to encourage out-shopping as well, as people are drawn to shop where they can get the higher dividends:

Equity does more for the co-op, as far as ... getting more members. If a member is here getting a cheque and somebody isn't a member or isn't an active member, then it makes them think, especially if someone shows them a cheque. (Interview 39)

As standalone co-ops, Oakville, Appletown, Grapeview, Robinson, and Orange Creek were not paying dividends on a consistent basis. However, all of them reported paying dividends since amalgamating (with the exception of Oakville, which amalgamated less than a year ago). And despite the money being spent on the smaller locations, the larger acquiring co-op was rarely impacted in their ability to pay out dividends. Vintage Co-op, for one, has paid out equity to its members for nineteen consecutive years. Equity makes it easier to sell the co-op advantage, as one manager stated:

When you start paying people back nine cents a litre on petroleum and somebody that has built a house gets a nice allocation on a house that has been built, or somebody who has bought food gets two or three hundred back in order to be able to buy more food, I think the advantages of a co-op become more evident at that point. (Interview 34)

Regional Membership

Even if out-shopping does occur, there is some sharing of the risk within a multibranch co-op through the regional membership, which allows a member to make purchases at any of the branches and still receive the same dividends. Members may travel to the larger communities to do their grocery shopping, but knowing they can receive dividends in any of the locations may encourage them to shop at the co-op rather than at competitors. Thus, there is no out-shopping per se as members shop within the same co-op. How much the regional membership affects shopping patterns once customers leave their community is not entirely clear, and more research needs to be done in this area. Most interviewees were of the opinion that the impact was significant:

And you have got to remember that again these cottagers I would say 50 percent of them are from [the city]. So they come up here now and they can use their same number when they're at the lake as when they are at home. Big attraction. Big plus.

Long-Term Viability

We also looked at how joining a larger co-operative organization affected the attitudes of the co-op members, boards, and managers with respect to the future of their local co-op. Did the amalgamation change how they viewed the trajectory of their own co-op? And given that some of the co-ops have developed into considerably larger businesses, did the interviewees ever perceive a time when the co-op could become too big?

Given the reports about small-town rural life and the decline in services in other areas such as education and health, it could be expected that participants would be uncertain about the future viability of their local co-op. In general, however, participants were sanguine about the future of their co-op. One of the most common phrases was "I'm not sure if there would be a co-op here today if we hadn't amalgamated." The following comments

suggest that amalgamations allowed smaller co-ops to survive and provided a more secure future:

Change is inevitable so you don't know what the future is going to bring, but I say right now there are a lot of co-operatives that have amalgamated with us that would not have been in business and there wouldn't be services in their community if they hadn't amalgamated. (Interview 36)

What would there be in [this community] without [the [multibranch] co-op]? Perhaps the local co-op could run for a few years and then they wouldn't be able to be there. (Interview 35)

I guess the biggest impact would be the fact that the co-op is still here in [this community] and doing pretty good. (Interview 39)

And in most cases [the amalgamation] will be positive because they have kept the co-op alive. (Interview 43)

Further, most interviewees did not think that the co-op would get to a point where it would be too big. Some cautioned, however, that the co-op needs to always assess how it relates to its members:

I guess if they stop listening to the member, that's too big. It is still member driven. (Interview 42)

Most of the participants also agreed that amalgamations make all three levels stronger — the local co-op, the regional multibranch co-op, and the Co-operative Retailing System:

Well, any time you improve any one of the links, I guess it would improve everything overall. (Interview 8)

System wise, I think it is definitely strengthening the system as well, the Co-op Retailing System for sure. There are just some branches that wouldn't be co-ops anymore if there wasn't an amalgamation. (Interview 38)

IMPACT ON MANAGEMENT

A MALGAMATIONS HAVE HAD AN IMPACT on the following aspects of co-operative management:

- hiring practices
- job specialization (horizontal and vertical differentiation)
- roles of the general manager and branch managers
- the decision-making process

Management teams in larger co-ops become more specialized, and more of the administrative responsibilities accrue to the central location. As a result, decision making becomes more business-like in the sense that decisions may have less to do with personal relationships between the local manager and the members. In this light, many see decision making becoming more fair for everyone within the larger organization. Others, however, question whether amalgamated co-ops have lost the “personal touch,” a characteristic that is often used to set co-ops apart from other businesses.

Hiring Managers

As discussed above, one of the main drivers behind the recent amalgamations was management succession, as smaller co-ops have considerable problems attracting competent managers. A common scenario was the imminent retirement of the long-serving local manager. Boards quickly understood the reality of hiring a manager in the present labour environment and turned to amalgamations as one solution.

As this board member suggests, however, multibranch co-ops do not appear to have any more success at hiring for these positions:

We can't even find strong enough management to have one in each store. You might have people who have the potential to grow into a food-store manager over time, but we can't recruit a [local branch] food manager. That just isn't going to happen. (Interview 19)

However, larger co-ops do have some manoeuvrability in how they tackle the situation. The co-op can choose to promote a senior staff person to the position of supervisor. The supervisor performs many of the duties of a manager, but most of the key decisions will come from a regional manager who works with several or all of the co-ops in the region. As a result, the multibranch co-op can tap into the expertise necessary to operate the business effectively without having to fill every manager position that comes open in the branches. Multi-branch co-ops have the advantage of additional levels of management, which increases the flexibility at the branch level. Further, with a larger workforce to choose from, the co-op can move staff around to temporarily fill any vacancy that may occur. Therefore, personnel issues become less critical than in the independent co-ops, where one vacancy can jeopardize the entire operation.

Vertical and Horizontal Differentiation

Amalgamations tend to influence management structures. A key distinction that can be made between multibranch co-ops and smaller independents is the degree of horizontal and vertical differentiation of management (see diagrams on pages 12–13). The case studies of the multibranch operations revealed more levels of management (vertical differentiation) and more departments organized according to the various commodities (horizontal differentiation). The position of regional manager is one example of an additional level of management not seen in smaller co-ops. Harmony, Vintage, and the Prince Albert Co-operative Association also employ human resource officers, controllers, and department managers (agro, food, bakery, hardware, etc.). The smaller local co-ops, in comparison, have fewer and less specialized positions. As the co-op becomes more complex, additional departments and managers are added to deal with the increased volume and expanding services. The changes lead to different roles for managers and added levels of support for the staff within the multibranch cooperative.

Changing Roles of Managers

Differentiation can also be interpreted as specialization, with the work of each staff person becoming more focussed. Vertical and horizontal differentiation thus leads to the creation of new roles within the management team. A significant role shift occurs at the branch level, where branch managers/supervisors, who used to be responsible for all aspects of the business, are now mainly responsible for sales and customer relations. Interviewees reported:

The bookkeeping is centralized so the local managers don't have as much responsibility in terms of keeping a whole bunch of records and accounting. (Interview 42)

I don't do the hiring anymore. I don't do the accounts receivable anymore, which is the biggest headache of all. That is all taken care of in [the central]. So it's taken a lot of stress off of me. (Interview 47)

At the other end of the management hierarchy, the general manager of the multibranch moves away from dealing directly with members and becomes more involved in "managing managers." As one of them explained:

My job is about leadership at this point and making sure we have the proper managers in place.... Very little of my job is one-to-one working with the customer. Ninety-nine percent of my job is working with our managers to make sure that we are going in the right direction as an organization and of course taking that direction from the board. (Interview 17)

Management Support

Branch supervisors reported that more levels of management can offer them increased support, which they felt was beneficial. Many of them did not believe they had enough experience to make decisions about the operations of the co-op. One branch manager commented:

Since the amalgamation, those guys are here and there's always a helping hand and there's always guidance and they're more willing to help you and get you going in the right direction. I love it. (Interview 5)

The same branch supervisor added that the new management places higher expectations on its employees, encouraging all the staff to improve and develop:

[Central management] help each and every person in this place — every one of us. There's not one of us in this building that hasn't been touched in one way, shape, or form by the amalgamation. Like I said, for [the branch], this has been 100 percent good. For the people that work here, 100 percent good. (Interview 5)

In a sense, risk is shared among the various levels of management. One person is not entirely responsible for the decision making of the co-op. Most branch managers or supervisors appear to feel some security in knowing that a decision is not entirely left up to them. This type of arrangement may create two opposing environments within the multibranch co-operatives. Managers may be given some leeway in how they approach problems, which could lead to the introduction of innovative solutions. On the other hand, branch managers may feel stifled by the more hierarchical nature of the co-op and may not feel compelled to come up with new ideas, waiting instead for solutions to flow from the top down. It is not entirely clear what type of environments these multibranch co-ops have fostered, but there is some indication that few innovative ideas have originated from the branches to date.

Manager Accessibility

The changing roles of the GM and the branch managers also impact their accessibility to members. Branch members no longer have direct access to the general manager of their store but must deal with the local manager or travel to the central location to meet with the general manager there.

That was one of the overwhelming concerns was that the general manager works largely out of the [central] store. How are we going to have input and how are our concerns going to be communicated? (Interview 10)

After the amalgamation, members soon became aware that they no longer saw the GM on a regular basis; over time, they no longer expected to see him or her at all.

As noted, the larger multibranch co-operatives also employ a regional manager, who works with all the branches. Potentially, then, branch members have the opportunity to approach that person if they want to speak to a manager. One of the members reported that the regional manager was not visible enough within the community and people would have a hard time identifying him or her. Others felt that manager accessibility was not an issue because if they had a concern they could easily approach the local manager, the regional manager, or even the GM. Similarly, most general managers felt they had a fairly good open-door policy and tried to make themselves available to all of their members. However, they concurred that the new structure made it somewhat more difficult for members to reach them.

The time spent renovating stores, dealing with the day-to-day operations of a large organization, and working with larger numbers of staff also tended to reduce opportunities for the general manager to engage with and be visible to members. One board member commented:

And working with our own senior managers in our store here ... and staff shortages that he has to deal with, [the GM] literally probably doesn't have time to pack groceries. Unfortunately that's not good.... He does try to have an appearance on behalf of the co-op but it is very limited because of his time. (Interview 14)

And with the GM paying much more attention to the branch, other projects — some of which had already been slated for completion — may get moved back. One interviewee said:

A problem that I am seeing with the amalgamation is that we have a general manager now who is very busy and we have a home centre that needs work and it's going to take longer to get to that because of how much else is involved with the expansion there. (Interview 8)

In conclusion, amalgamation clearly impacted manager accessibility as it was simply not feasible for the general manager to be visiting the branches on a regular basis. The more hands-on approach became the responsibility of the regional branch manager and the branch supervisors. That being said, branch manager accessibility was perhaps optimized as they were less involved with administrative work, leaving them more time to deal directly with members.

Impact on Decision Making

Fairer Process

Many argued that the change in management has made the decision making within the co-operative a much more organized, and perhaps fairer, process. One manager explained:

You go from a set of loosey-goosey rules to set firm policies and procedures that are there and are in place to guide the enterprise forward. (Interview 43)

Others felt that moving the decisions from the branch to the central, particularly with respect to accounts receivable, increased the fairness of those decisions. Many interviewees

believed that there was too much pressure on local managers to leave overdue accounts idle. One interviewee described the difficult situation a small-town manager might face:

How do you cut somebody off and then have to go to a fall supper with them? (Interview 43)

A Different Kind of Process

Some smaller co-ops found it difficult to make prudent business decisions for fear of customer backlash. Board members and local managers were concerned that any major changes would drive members from the co-op, and the repercussions of losing even a small percentage of business could mean the difference between survival and closure. Consequently, even if the local board felt changes needed to be made, they were not always followed through on. Multibranch co-operatives may be in a more secure position to make business decisions that a small co-op would find risky. And larger co-ops may be better able to absorb a drop in sales if their decisions prove to be unpopular with some of the members.

Further, the previously independent co-ops have to learn to “wait their turn,” so decision making becomes a lengthier process. The local co-ops can no longer make an immediate decision on the more significant aspects of the business, but must approach the central, as one manager explained:

But it does take a little while for them to change and realize that they don't have full authority to do whatever they want to do. They now have to come to [the central] co-op and find out whether they are able to spend money. (Interview 34)

IMPACT ON EXTERNAL RELATIONSHIPS

ALL THE ABOVE CHANGES relate to the transformation of relationships within the co-ops. Amalgamations also impact external relationships as the co-ops relate differently to one another and have a new and evolving relationship with the communities in which they operate. The following section looks at some of the broad changes in these cooperative relationships.

Relationships between Co-ops

Although co-ops are aware of each other's territories, competition among them is inevitable. This was most evident in the case where one local co-op joined the larger multibranch, while a neighbouring co-op did not. The newly amalgamated branch was able to offer more sales and thus draw members from the small independent, although when the independent later joined the same multibranch, there was less competition among the branches. Several of the interviewees stressed the importance of seeing the co-ops as one.

Well, as I said before, it is now one co-op. There is no competition anymore.... It doesn't matter where they shop, it is all going to their membership — there is only one. (Interview 14)

Amalgamation means joining two into one. So we have to get over that perception that we are still two separate little satellites. (Interview 6)

Co-operation among Co-operatives

Amalgamations and acquisitions also facilitated greater co-operation among the co-ops. Products were moved around more among the branches and the central co-operative. A product not moving well in one location may be more attractive to customers in another. While this type of co-operation does occur among independent co-ops, managers reported that it is more complicated when the stores are two separate legal entities. Transferring products from store to store on a regular basis also means that logistics become a key part of multibranch operations. One manager said:

One of the guys didn't know that I had some extra potting soil down here and he said, "If I would have known that a month ago I could have taken some off your hands." So I think that should be of benefit to us. Another thing is, like our augers, we should be able to move those around to another location to try and sell them. I think that will help because you bring things in because people want them, and then you end up and you can't move them as quickly as you want to, so you don't want to be sitting on them for too long. (Interview 47)

Relationship with FCL

We learned from the literature that one of the key changes for corporations when they merge is a greater ability to negotiate agreements and contracts with their suppliers. Although this is not a significant motivator for retail co-ops, the relationship with the co-operative wholesaler is definitely affected in some ways.

Multibranch co-ops and their branches benefit from more frequent deliveries from FCL. While a small independent might see only one truck per week, a large multibranch might have a delivery every day. The central can then send a smaller truck out to the branches more frequently. One board member pointed out that this type of system has a significant impact if the co-op deals with fresh meats and baked goods. It gives the branch a more consistent supply of fresh deli meats, bakery items, and dairy products.

The larger co-op can also take advantage of bulk buying and increased buying power. Federated offers discounts on larger purchases, which are often not available to smaller co-ops. The following comments address these changing relationships:

This co-op would have some more influence on Federated programs. This manager, and let's say four or five other managers of the bigger co-ops in [the province], talk almost on a daily basis. Every issue that comes up they will talk to each other. So yes, it is different in terms of your impact with Federated and your relationship and all that, absolutely. (Interview 19)

We have a little more buying power with Federated. (Interview 23)

Purchasing products at lower cost gives the amalgamated co-op a better opportunity to return patronage allocations to its members.

An amendment to Federated's policies together with status as a multibranch have meant more changes in the relationship with FCL. Corporate stores are facilities built by FCL and then leased to the local co-op. While many smaller co-operatives are not in a position to purchase their store from Federated, it may well be a possibility for the multibranch. Such was the case with the Timber and Districts Co-op:

The amalgamated Timber board did not like paying rent and we wanted the opportunity to buy that facility and not have to pay rent. And so that was a

policy change at FCL to allow that to happen. And just recently ... the amalgamated board bought the co-op store in Oakville and now the new entity owns the store. (Interview 14)

One member thought that purchasing the building was a positive move and gave the co-op more local control than they had previously:

I think that was a bonus for us, that they could purchase the building and eliminate Federated's control. (Interview 6)

Through amalgamation and the purchase of our own store, the growth should be at the local level. (Interview 6 Members)

Community Relations

Community Interrelations

The interviews revealed that the amalgamations represented a fairly new phenomenon for the communities. Besides the school and possibly the hospital amalgamations, this type of inter-community collaboration was a rare occurrence. Interviewees could not think of examples of other businesses or organizations working together as one. One member noted:

There is nothing else that is working together right now between [the communities] other than the co-op. (Interview 14)

This type of collaboration may influence how community members — particularly those on the boards — see other communities. Board members had the opportunity to work with people within the region and to travel to the branches on a regular basis. These interactions gave board members a better understanding of the communities around them:

I think you are more aware of the people in those communities when you expand like that. It just makes you closer. (Interview 16)

I know a lot more about the community now than I did before because it was just another town on the map for me. (Interview 4)

It makes you think on a wider level. You've got to think of that area over there and what's good for them as well as what's good for you. (Interview 9)

On the other hand, interviewees postulated that members who do not have much involvement may have observed few changes since the amalgamation. Some may not even be aware that the local store has amalgamated.

Community Donations

Another important relationship is the one between communities and their co-operatives, which, significantly, have adopted the slogan “Community Builders.” One way in which co-ops build this relationship is through donations to community organizations and events. Interviewees were split in their opinions regarding the impact of amalgamations on community involvement. A few respondents believed community donations decreased after amalgamation because with more communities and more members, the money allocated for donations was spread too thinly. These people perceived that their former independent co-op had been much more active in community events at the local level. One interviewee noted:

There is probably, in a lot of cases, not quite as much that goes into the local community as when there was an individual co-op there. I think that would be a concern. (Interview 45)

Others felt that the number and type of donations stayed the same; some even thought that donations increased. Much would depend on the financial position of the independent co-op and the level of donations before the amalgamation. Amalgamation does increase the number of requests for donations that the central receives in a year. For this reason, the central administration might have to be more discerning about potential recipients. Further, members may have higher expectations about the types of donations they should receive, possibly expecting larger donations from a larger co-operative. The amalgamated co-op must also ensure that the donations are divided equitably among the branches, which local board members and management did not have to consider.

CONCLUSION

THE FINDINGS FROM THESE CASE STUDIES suggest that there is much to be gained through amalgamations. In almost every instance, members of the smaller acquired co-ops saw immediate improvements to their store or outlet through renovations, new equipment, or additional services. The quality and variety of goods and services tended to increase, and some of the pressure was taken off local co-operative boards to hire qualified managers and to access financing for capital investments. It is difficult to speculate about alternative futures for these co-ops if they had taken a different path, but most interviewees believed that the amalgamation was the primary reason for their co-op's survival. And while the smaller co-ops benefited in multiple ways, the larger acquiring co-ops increased their opportunities for expanding into new markets and offering new services, which may never have been realized by the local standalone co-ops.

As the multibranch co-op grew in size, management expanded both horizontally and vertically, creating greater specialization within the administrative body. Amalgamations created new roles for both general managers and branch managers. Some GMs found they spent more time working with managers and less dealing directly with members. On the other hand, branch managers were able to concentrate more on member services at the local level, as they were no longer responsible for many of their previous administrative duties. Many believed the new management structure created a fairer decision-making process, as the local manager was no longer pressured to make decisions based on personal relationships.

Although amalgamations improved co-op operations, membership and governance structures were left relatively unaffected. Whether this has negative repercussions for the amalgamated co-ops is still not entirely clear. With a few exceptions, multibranch governance structures were no different from those in local standalone co-ops, except that the new boards were composed of directors from a larger geographical area. Some argued that members have the same opportunities to get involved with the multibranch co-operative as with the smaller standalone co-ops, but it was apparent that branch members were less motivated

to run for the board and attend annual meetings outside their communities. And a lack of branch involvement calls into question the representativeness of the board, even if there is some effort to have district representation.

More research needs to be conducted on the long-term impact of what might be called “branch apathy.” Given that both Harmony Co-op and the PACA have been operating as successful multibranch co-ops for some fifty years (only a few outlets closed during this time), it may be concluded that branch operations have not been negatively affected to any great extent.

Multibranch co-ops have greater financial and human resources at their disposal compared to the local co-operatives. They can consider new and innovative ways of engaging members and maintaining the distinctive characteristics of co-ops. Possibilities include focussing more energy on members who are genuinely interested in being part of the co-op’s governance, considering ways to offer full branch representation on the board, and giving some autonomy to members and managers at the branch level. These activities may not impact the business of the co-op significantly, but might help to distinguish the it from other large retailers.

APPENDIX A

Overview of Multibranch Co-operatives in the Co-operative Retailing System

Number of Amalgamations

Given the relatively slow pace of amalgamations throughout the history of the CRS, recent trends suggest that there is a growing interest in amalgamations.

Table 1: Co-op Amalgamations in Western Canada, 1977–2008

Year	No. of Co-ops**
2008*	270
2007	276
2006	283
2005	286
2004	288
2002	294
1997	307
1987	339
1977	427

Source: FCL *Annual Reports*

*Source: FCL Website

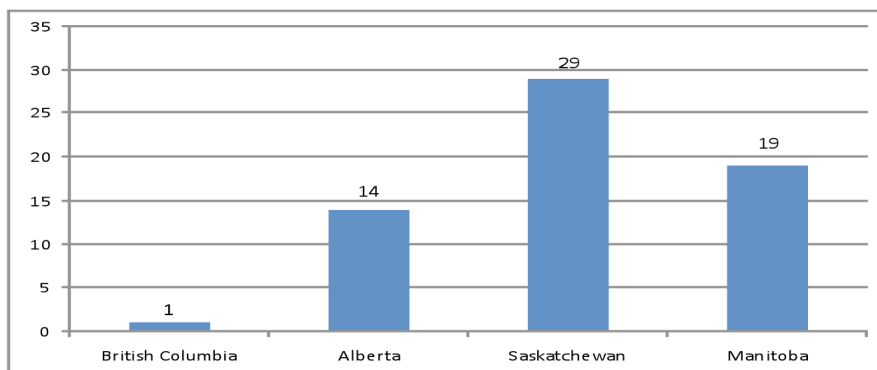
**Figures include dissolutions and acquisitions

Between 2004 and 2008, there were a total of eighteen amalgamations, ten of which took place over the last two years of the period under study. In the first half of the 2008 fiscal year, five amalgamations had already been formalized, four in Alberta and one in British Columbia. In 2007, five amalgamations took place, four in Saskatchewan and one in Manitoba

Numbers by Province

Saskatchewan, with twenty-nine, has the highest number of multi-co-op operations; Manitoba has nineteen, Alberta thirteen, and British Columbia one (see Figure 1).

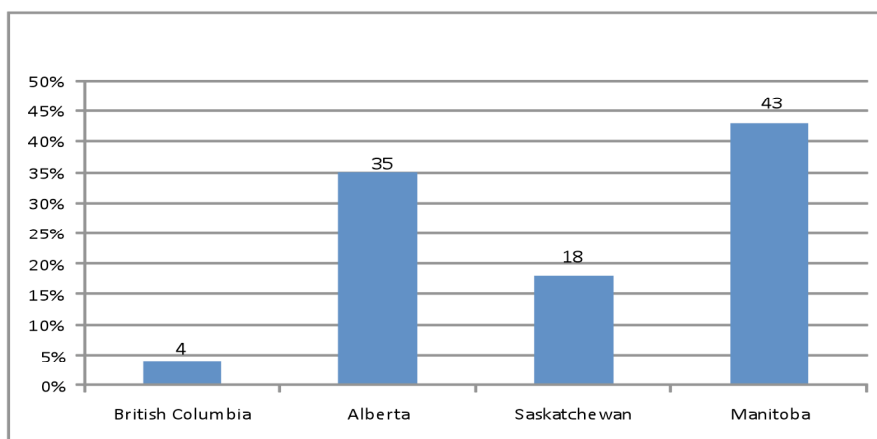
Figure 1: Number of Multibranch Co-operatives in Each Province, 2008



Source: FCL Website

Although Saskatchewan has the most multibranch co-ops, as a percentage of the total number of co-operatives in the province, Alberta and Manitoba are higher, at 35 and 43 percent respectively. Saskatchewan sits at 18 percent, and with only one multibranch co-operative and a total of twenty-three co-ops altogether, British Columbia is the lowest at just 4 percent (see Figure 2).

Figure 2: Percentage of Multibranch Co-ops in Each Province, 2008



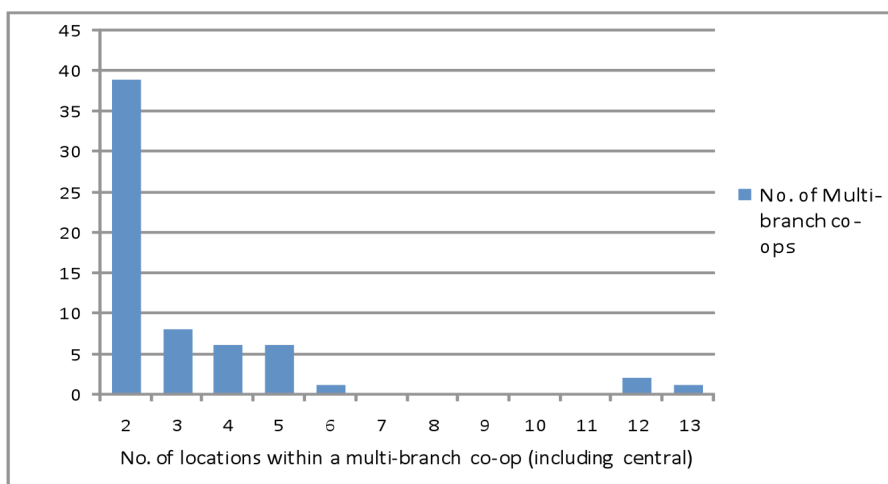
Source: FCL Website

Types of Amalgamations

Typically, these amalgamations involve comparatively different-sized operations. Over the last decade, only one amalgamation took place between two co-ops of comparable size — Mariapolis Consumers Co-op, with sales of \$15,794,000, and St. Leon Co-op, with sales of \$22,352,000. For the majority, the disparity in sales volumes among amalgamating co-ops ranges anywhere from four to over fifty times. The largest variations typically involve amalgamations between an already-established multibranch co-operative and a smaller co-op. The largest gap in terms of sales volume was between the Prince Albert Co-operative Association (\$123,498,000), which is fifty-six times larger than the Canwood Co-op (\$2,181,000).

The most common form of multibranch co-op is comprised of just two locations (see Figure 3). Of the sixty-three multibranch co-ops, thirty-nine (or 62 percent) have only two locations. A total of seven co-ops have three, followed by six co-ops with four locations. Three co-ops have twelve or more locations, and there are no multibranch co-ops with seven to eleven locations.

Figure 3: Distribution of Multibranch Co-operatives Based on Number of Locations (2–3)



Source: FCL Website

APPENDIX B

Lists of Multibranch Co-operatives

Table 2: Multibranch Co-operatives in Alberta

No.	Multibranch Co-operative	Locations	No. of locations (including central)
1	Eastalta Co-op Ltd.	Vermilion, Dewberry, Mannville, Wainwright	4
2	Wild Rose Co-operative Association	Camrose, Killam Sedgewick, Strone	4
3	New Horizon Co-operative Ltd.	Grande Prairie, LaGlace, Rycroft	3
4	Barrhead & Districts Co-op Ltd.	Barrhead, Mayerthorpe	2
5	Central Alberta Co-op Ltd.	Innisfail, Spruce View	2
6	Leduc Co-op Ltd.	Leduc, Calmar	2
7	Medicine Hat Co-op Ltd.	Medicine Hat, Oyen	2
8	Olds Co-operative Association Ltd.	Olds, Carstairs	2
9	Pincher Creek Co-operative Assoc. Ltd.	Pincher Creek, Cowley	2
10	Red Deer Co-op Ltd.	Red Deer, Lacombe	2
11	St. Isidore Co-op Ltd.	St. Isidore, Falher	2
12	St. Paul & District Co-operative Assoc. Ltd.	St. Paul, Elk Point	2
13	Vauxhall Co-op Petroleum Ltd.	Vauxhall, Brooks	2
14	Wetaskiwin Co-operative Association Ltd.	Wetaskiwin, Falum	2

Table 3: Multibranch Co-operatives in British Columbia

No.	Multibranch Co-operative	Locations	No. of locations (including central)
1	Vanderhoof and Districts Co-op Assoc.	Vanderhoof, Houston, Prince George, Quesnel, Terrace	5

Table 4: Multibranch Co-operatives in Manitoba

No.	Multibranch Co-operative	Locations	No. of locations (including central)
1	Pembina Consumers Co-op Ltd.	St. Leon, Baldur, Crystal City, Cypress River, Glenboro, Manitou, Mariapolis, Minto, Notre Dame de Lourdes, Pilot Mound, St. Claude, Souris, Swan Lake	13
2	Twin Valley Co-op Ltd.	Birtle, Elkhorn, Minota, Rossburn, Russell, Welwyn	6
3	Heritage Co-op Ltd.	Minnedosa, Brandon, Erickson, Sandy Lake, Wawanesa	5
4	Portage La Prairie Consumers Coop Ltd.	Portage La Prairie, Austin, MacGregor, Oakville	4
5	Red River Cooperative Ltd.	Winnipeg, Kenora, Oakbank, Teulon	4
6	Parkway Consumers Cooperative Ltd.	Roblin, Rossburn, Grandview	3
7	Sun Valley Co-op Ltd.	Altona, Morris, St. Jean	3
8	Beausejour Consumers Cooperative Ltd.	Beausejour, Oakbank	2
9	Carman Co-op Ltd.	Carman, Treherne	2
10	Dauphin Consumers Cooperative Ltd.	Dauphin, Ste. Rose	2
11	Deloraine Consumers Co-op Ltd.	Deloraine, Waskada	2
12	Hamiota Co-op Ltd.	Hamiota, Cardale	2
13	Interlake Consumers Co-operative Ltd.	Arborg, Eriksdale	2
14	Kenton Consumers Cooperative Ltd.	Kenton, Oak River	2
15	Moosehorn Consumers Cooperative Ltd.	Moosehorn, Ashern	2
16	Neepawa-Gladstone Cooperative Ltd.	Neepawa, Gladstone	2
17	Strathclair Consumers Cooperative Ltd.	Strathclair, Newdale	2
18	Valleyview Co-op Ltd.	Vinder, Oak Lake	2
19	Winkler Consumers Cooperative Ltd.	Winkler, Morden	2

Table 5: Multibranch Co-operatives in Saskatchewan

No.	Multibranch Co-operative	Locations	No. of locations (including central)
1	Pioneer Co-operative Association Ltd.	Swift Current, Abbey, Cabri, Frontier, Gull Lake, Hodgeville, Kyle, Morse, Ponteix, Sceptre, Stewart Valley, Tompkins	12
2	Prince Albert Co-operative Association Ltd.	Prince Albert, Air Ronge, Big River, Canwood, Domremy, Kinistino, La Ronge, Marcelin, Paddockwood, Shellbrook, Smeaton, Wakaw	12
3	Delta Co-operative Association Ltd.	Unity, Luseland, Macklin, Major, Senlac	5
4	Gateway Co-operative Ltd.	Canora, Buchanan, Pelly, Preeceville, Sturgis	5
5	Last Mountain Co-operative Ltd.	Raymore, Govan, Nokomis, Punnichy, Semans	5
6	Lloydminster and District Co-operative Ltd.	Lloydminster, Lashburn, Maidstone, Marsden, Neilburg	5
7	Southland Co-operative Ltd.	Assiniboia, Gravelbourg, Mossbank, Willow Bunch	4
8	Yorkton Co-operative Association Ltd.	Yorkton, Ebenezer, Kamsack, Theodore	4
9	Borderland Co-operative Ltd.	Moosomin, Maryfield, Rocanville	3
10	Meadow Lake Co-operative Association Ltd.	Meadow Lake, Goodsoil, Makwa	3
11	Prairie Co-op Ltd.	Melville, Fort Qu'Appelle, Lemberg	3
12	Shaunavon Co-operative Association Ltd.	Shaunavon, Bracken, Eastend	3
13	Southern Plains Co-operative Ltd.	Estevan, Carlyle, Oxbow	3
14	Battlefords and District Co-operative Ltd.	North Battleford, Glaslyn	2
15	Beeland Co-operative Association Ltd.	Tisdale, Arborfield	2
16	Churchbridge Co-operative Association Ltd.	Churchbridge, Langenburg	2
17	Delmas Co-operative Association Ltd.	Delmas, Skidgate Landing	2
18	Kindersley and District Co-operative Ltd.	Kindersley, Eatonia	2
19	Macrorie District Co-operative Assoc. Ltd.	Macrorie, Conquest	2
20	Melfort Co-operative Association Ltd.	Melfort, St. Brieux	2
21	Midway Co-operative Ltd.	Leroy, Watson	2
22	Pineland Co-operative Association Ltd.	Nipawin, Choiceland	2
23	Riverbend Co-operative Ltd.	Outlook, Beechy	2
24	Southwest Co-operative Ltd.	Maple Creek, Consul	2
25	Spiritwood and District Co-operative Assoc. Ltd.	Spiritwood, Shell Lake	2
26	Tugaske Co-operative Association Ltd.	Tugaske, Central Butte	2
27	Sherwood Co-operative Association Ltd.	Regina, Indian Head	2
28	Advantage Co-operative Association Ltd.	Redvers, Kelso	2
29	Radville Co-operative Association Ltd.	Radville, Gladmar	2

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