

Challenges in Measuring the Economic Impact of Cooperatives

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Overview

- Background
- Research question
- Previous research
 - Research contribution
- Research Issues
- Implications



Background (1)

- Public interest in gauging performance
 - Government
 - Rural communities
 - Scholars
- Need for national study
 - No national information
 - Inform national policymakers



Background (2)

- Challenges for measurement
 - Enumeration
 - Identification
 - Measurement of pecuniary benefits
 - Measurement of non-pecuniary benefits



Previous Research (1)

- Economic impacts of cooperatives
 - State/province-level
 - Coon and Leistriz, 2005
 - Zeuli et al., 2003
 - Folsom, 2003
 - Herman and Fulton, 2001
 - Sector-level
 - Siegelman and Otto, 2004
 - Bangsund and Leistriz, 2004




Previous Research (2)

- Data constraints
 - Geographic
 - Source
- Method
 - Case study
 - Tabulation (Henehan and Ferguson, 1992)
 - Regional input-output models (Leistriz 2003; Loveridge 2004)



Previous Research (3)

- Regional I-O models
 - Social accounting matrix
 - IMPLAN
 - Type I, II, and III multipliers
- Pecuniary and non-pecuniary economic impacts




Research Question

- What research issues arise in conducting a national study of the economic impact of the cooperative business sector?




National vs. State Study

- Enumeration
- Response rate
- Distinguish cooperative businesses
- Accounting for non-pecuniary benefits
- Aggregation



Enumerating the Cooperative Population (1)

- No consistent data
 - All sectors
 - National basis
- Previous efforts
 - Cooperative Directory Association (pre-1980)
 - Food sector only
 - Cooperative Information Consortium (1984)
 - All sectors
 - NCBA (2005)
 - All sectors



Enumerating the Cooperative Population (2)

- Enumeration issues
 - Incomplete government records
 - Increasing the response rate
 - Specialized knowledge
 - Consistent method/results
 - Data interpretation
 - Same variables
 - Non-respondents



Identifying Cooperatives

- Consistent criteria
 - Cooperative attributes, and ...
- Complex cooperative structures
 - Hybrid
 - Shared-service cooperatives
 - Separating out member activity

Analyzing Economic Impacts Unique to Cooperatives

- Differentiate impact of cooperatives and investor-owned firms
- Location-based identification

Measuring Direct, Indirect and Induced Economic Impacts (1)

Intra- or
extra-cooperative
benefits

Cooperative Sector	Extra-cooperative Economic Value	Intra-cooperative Economic Value
Housing	Create competition	Generate affordable housing
Agriculture	Provide countervailing force Create efficiency in supply chain	Access to key market Market information Enhance market power Extract costs from chain
Utilities	Create competition Extend grid to under-served areas	Less expensive electricity Better service Fewer and shorter outages
Wholesale purchasing	Create competition	Cut costs Increase profitability
Employee/Worker	Enhance performance or retain firms	Retain employment Enhance wages and/benefits
Healthcare	Improve public health	Obtain needed services Cut costs Coordinated delivery
Consumer Food	Provide countervailing force Create competition	Obtain desired products Cut costs and prices



Measuring Direct, Indirect and Induced Economic Impacts (2)

- Intra-cooperative transactions
- Observation period
- Traceability
- What to measure
- IMPLAN
 - Sectors
 - Benefit utilization



Measuring Direct, Indirect and Induced Economic Impacts (3)

- Non-pecuniary benefits
 - Counterfactual



Implications

- Methodological issues need to be resolved
- Consistent approach
 - Within study
 - Across studies
 - NCERA-194