

# NEBRASKA COOPERATIVES

## Attributes of Young Farmer Expectations of Nebraska Agricultural Cooperatives

Producers with less than ten years' experience are the future of Nebraska's cooperatives. Awareness of their attitudes toward, and expectations of, agricultural cooperatives can help cooperative business leaders formulate strategies to provide benefits next generation farmers desire. Young farmers likely view their commitment and loyalty to the cooperative distinctly from older farmers. Young farmers across the state were interviewed to learn more about their attitudes and expectations of cooperatives.

Interviews were held with a total of 13 farmers from three agricultural cooperatives; 12 of these were members of their respective agricultural cooperatives, and one operated in collaboration with a family member. Candidate interviewees were recommended by staff of the agricultural cooperative the farmer does business with. Candidates were invited to participate in a one-on-one interview until a maximum of five candidates from each cooperative agreed to participate; not all candidates agreed to participate. All interviewees, except one, have 10 years or less of experience managing their own operations. Two are directors of their respective cooperatives; one is an associate director. Cooperatives in central and northeastern part Nebraska are represented in these interviews. Interviews took place at the very end of August and beginning of September 2017.

Young farmers desire several benefits from cooperatives. These

- include favorable pricing and grain bids, credit, novel marketing opportunities, and equal access to these benefits regardless of farm size.
- include good relationships with employees familiar with the needs of their farming operations and expect to communicate with senior management about their preferences.
- are motivated, in part, by perceptions of what cooperatives have historically done in their local markets.

Young farmers indicate good relationships between young farmers and cooperative employees

- contribute to feelings of loyalty to the cooperative.
- are coupled with expectations of service at least equal to competitors.
- result in technical expertise related to purchase decisions.

Young farmers view a loose connection between the cooperative and farm business or farm lifestyle goals.

- Common farm business goals include finding low input prices, having a product line that suits all needs, helping them with educational needs, interacting with other farmers (although they describe this happening outside of the co-ops too), saving time through decision making technical expertise or convenient purchase options, having equipment available, having a market with competition, and a perception of equal opportunity to all farmers to output and input markets regardless of farm size
- Young farmers indicate they would be farming regardless of whether the co-op were present.
- Cooperative membership provides young farmers access to infrastructure when they are just starting out, secure markets, knowledge and information.
- The cooperative is viewed as one source of meeting business and lifestyle goals. They are aware of other options accessible to them to help these goals.

Young farmers present mixed attitudes about the financing obligations of cooperative ownership.

- Many young farmers consider equity as a form of retirement fund. They are particularly positive to note they could

- not influence the timing of withdrawals of these funds.
- Others were aware that regular, albeit apparently small, equity allocations affect the ability of the cooperative to continue its operations. They also know cash patronage payments reduce the net price of inputs.
- Some young farmers also are conscious of the opportunity costs of financing obligations. These costs include increasing their own finance costs or they discount the value of allocated equity because of the time value of money. Some young farmers perceive margins as equivalent to input price increases.
- Many interviewees indicate they would recommend no change to existing equity redemption practices, but those who do recommend change favor quick redemption of their allocated equity.
- Young farmers are still developing relationships with their cooperatives; they perceive needs specific to their farms are unmet, that opportunities for pricing are more favorable elsewhere, or they have not successfully formed relationships with employees that could readily meet or identify their specific needs.

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Farmers value information and education activities provided by the cooperative, especially young farmer events.

- Activities are most valued when relevant and provide a sense of validation for their work as farmers or their business goals on the farm.
- Information from the cooperative is most valued when it makes it easier for the member to understand the cooperative's operations and provides clear explanations for financing obligations and use of funds.

These responses suggest potential unique views about cooperatives from young farmers when compared with relatively experienced farmers. These may be related to gaps in understanding how cooperatives are formed, are owned, and the roles patrons play in them. Possible differences include the following.

- Young farmers may see their relationship with the cooperative primarily as a means to obtain pecuniary advantage.
- It may be that young farmers perceive credit different from older farmers.
- Young farmers likely view cooperative ownership distinctly.

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