



Universität für Bodenkultur Wien

Supporting Organic Agriculture

A Comparative Analysis of Support Organizations in Austria and Michigan/Midwest, USA

Thesis submitted to

University of Natural Resources and Applied Life Sciences, Vienna

In partial fulfillment of the requirements for the degree of
Diplom-Ingenieurin (Master of Science)

by

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Vienna, April 2009

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ACKNOWLEDGEMENTS

This thesis is the result of several months of intensive efforts. The outcome of those efforts would not have been achievable without the support and help of a lot of people who contributed to my work.

First, I owe great thanks to my two supervisors, Bernhard Freyer, for giving me helpful suggestions while, at the same time, providing me great latitude while writing this work, and Jim Bingen, for giving me the possibility to carry out research at Michigan State University and for his constant support on-site and online.

I also want to thank my interviewees for taking the time to share information and expertise with me.

The stay at Michigan State University was financially supported by the Austrian Marshall Plan Foundation. I am greatly thankful for their support.

I want to thank my family, especially my parents and my sister Christa, who constantly supported me throughout my studies and my friends who gave me distraction and their forbearance (especially during the time of writing this thesis).

My deepest of appreciation must go to Michael for his constant support, encouragement and unwavering patience and for his – at least partly successful – efforts to arouse my interest for the social sciences.

This thesis is dedicated to the memory of my brother Hansi.

ABSTRACT

Organic farming has been steadily growing in importance, both in the European Union and the United States of America. In both jurisdictions, the organic sector has been promoted and serviced by various *support organizations*. This thesis provides a comparative analysis of selected support organizations in Austria and in Michigan/Midwest. In Austria, one centrally organized organization was analyzed while in the US seven decentralized units were studied. The analytical focus was (i) on the organizations' institutional and socio-cultural embeddedness, (ii) on the management structure of the organizations, (iii) on the functions that the organizations provide for their members and clients, and (iv) on the organizations' strengths and weaknesses. Conceptually, the study drew on theories from political-economy and organizational sociology and focused on phenomena on the macro, the meso, and the micro level of organizations. Empirical data were generated from qualitative expert interviews and from the analysis of secondary literature.

The comparative analysis showed some similarities but also marked differences between organic support organizations in the two regions. The Austrian support organization studied excels by its high degree of professionalism in representing organic farmers' interests; at the same time, it is strongly dependent on state support, both from the national and the EU level. In Michigan/Midwest, organic farming organizations are lacking political and economic clout due to their fragmented organizational structure; on the other hand, they have developed innovative strategies and a high degree of flexibility in order to assert themselves in a competitive market environment. Based on the complementary profiles of support organizations in the two countries, mutually useful lessons can be learned. The Austrian support organization will have to put greater emphasis on market activities, especially in light of the imminent cuts of EU subsidies. Support organizations in Michigan/Midwest will have to professionalize, possibly at the expense of individual organizations' autonomy and freedom of action.

KURZFASSUNG

Sowohl in der EU wie auch in den USA gibt es verschiedene Verbände und Organisationen, die sich der Unterstützung des ökologischen Landbaus verschrieben haben. Diese Diplomarbeit stellt eine vergleichende Analyse ausgewählter Organisationen in Österreich und in Michigan bzw. dem Mittleren Westen der USA an. Der analytische Fokus richtete sich auf die institutionelle und sozio-kulturelle Einbettung der Organisationen, auf deren Managementstrukturen sowie auf die Funktionen, die sie für ihre Mitglieder bzw. Kunden erfüllen. Konzeptionell baut diese Arbeit auf polit-ökonomischen und organisations-soziologischen Theorien auf, wobei damit Phänomene auf der Makro-, der Meso- wie auch der Mikro-Ebene von Organisationen in den Blick gebracht werden. Empirische Daten wurden mittels qualitativer Experteninterviews und der Analyse von Sekundärliteratur erhoben.

Die vergleichende Analyse zeigt einige ausgeprägte Unterschiede zwischen den beiden Regionen. Der untersuchte österreichische Verband zeichnet sich durch hohe

Professionalität aus, zugleich ist er aber stark von staatlicher Förderung (sowohl von nationalstaatlicher Ebene wie auch von der EU) abhängig. Die amerikanischen Organisationen haben demgegenüber deutlich weniger politische und ökonomische Einflusskraft, was insbesondere auf ihre fragmentierte Organisationsstruktur zurückzuführen ist. Andererseits haben diese Organisationen durchaus innovative Strategien entwickelt, um sich in einem kompetitiven Markt behaupten zu können. Auf Basis der unterschiedlichen Profile, welche die in den beiden Ländern untersuchten Organisationen aufweisen, konnten wechselseitig praxisrelevante Einsichten gewonnen werden. Der österreichische Verband wird in Zukunft, insbesondere vor dem Hintergrund bevorstehender Kürzungen in den EU-Agrarbudgets, wohl mehr auf Marktaktivitäten setzen müssen. Die Verbände in den USA sind auf eine professionellere Organisation ihrer Aktivitäten angewiesen, wobei dies wohlmöglich zu Lasten der individuellen Autonomie der Einzelverbände wird gehen müssen.

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ACRONYMS

AMA.....	Agrar Markt Austria
ARGE	Arbeitsgemeinschaft, engl. consortium
BABF	Bundesanstalt für Bergbauernfragen, engl. Federal Institute for Less Favoured and Mountainous Areas
BMLFUW....	Bundesministerium für Land- und Forstwirtschaft, Umwelt und Wasserwirtschaft, engl. Federal Ministry of Agriculture, Forestry, Environment and Water Management
BOKU	Universität für Bodenkultur, Wien, engl. University of Natural Resources and Applied Life Sciences, Vienna
CAP	Common Agricultural Policy
CROPP.....	Cooperative Regions of Organic Producer Pools
CSREES....	Cooperative State Research, Education, and Extension Service
ERS	Economic Research Service
EU.....	European Union
GMO.....	Genetically Modified Organism
ISO	International Organization for Standardization
JAS	Japanese Agriculture Standards
KOPRA	Konsumenten-Produzenten-Arbeitsgemeinschaft, engl. consumer-producer-association
LFI	Ländliches Fortbildungsinstitut, engl. Institute of Rural Advanced Education
MOFC.....	Midwest Organic Farming Cooperative
MOSES	Midwest Organic and Sustainable Education Service
MSU.....	Michigan State University
MSUE	Michigan State University Extension
NGO	Non Governmental Organisation
NOC.....	National Organic Coalition
NOP.....	National Organic Program
NOS.....	National Organic Standards
OAC.....	Organic Advisory Council
OCA.....	Organic Consumer Association
OCIA.....	Organic Crop Improvement Association
OECD	Organisation for Economic Co-operation and Development
OEFFA	Ohio Ecological Food and Farm Association
OFARM	Organic Farmers' Agency for Relationship Marketing
OFPA	Organic Food Production Act
OFRF.....	Organic Farming Research Foundation
ÖIG	Österreichische Interessensgemeinschaft für biologische Landwirtschaft, engl. Austrian syndicate for organic farming
ÖPUL	Österreichisches Programm für Umweltgerechte Landwirtschaft, engl. Austrian Agri-Environmental Program
ORBI	Förderungsgemeinschaft für ein gesundes Bauerntum, engl. Association for the furtherance of a healthy farming community
OTA	Organic Trade Association
ÖVP	Österreichische Volkspartei, engl. Austrian People's Party
SARE.....	Sustainable Agriculture Research and Education
US.....	United States
USDA	United States Department of Agriculture

1 INTRODUCTION

Organic agriculture has gained in importance worldwide within the last years. Organic farmland and the sales of organic products have been steadily growing. The two largest markets for organic products are the European Union (EU) and the United States (US).¹ In 2005, in the US, about 8,500 certified farmers produced organic commodities on 4 million acres (1.6 million ha). In that same year, in the EU, 6.9 million ha of land was farmed by 190,000 certified farmers.²

In the EU, the absolute amount, as well as the percentage, of certified farmland varies remarkably between the Member States. Austria leads within the EU in terms of the percentage share of certified organic farmland. In 2007, about 13% of the total farmland was under organic production farmed by almost 20,000 certified farms.³

In the US, California leads in the number of certified farms as well as in the percentage of certified farmland.⁴ Other top states for certified organic farming include Wisconsin, Washington, Iowa, and Minnesota.⁵ As this enumeration shows, the Midwestern states of the US – which are at the focus of this thesis – rank among the key regions for organic farming in the United States. The importance of organic farming varies from state to state as well as from product to product. Wisconsin leads in the number of organic live stock⁶ with about 600 certified farms farming 0.8% of the total farmland of the state.⁷ Michigan leads the nation in the number of acres in organic spelt production with about 200 certified farms farming 0.4% of the total farmland.⁸

1.1 Rationale of the study

The above-mentioned figures show that the relative importance of the organic sector differs remarkably in the EU and the United States (or Austria and the US Midwest, respectively). One of the reasons is that organic farmers in the two countries operate under completely different economic and political conditions. In the EU, organic farming has been supported by so called “green payments” available for transitioning and continuing organic farmers. Additionally, a variety of other supply and demand policies have been implemented. Under those highly supportive conditions, the European organic farming sector has been thriving quite dynamically in recent years.⁹

By contrast, the US government has largely taken a free-market approach and policy is mainly aimed at facilitating market development.¹⁰ With that, organic farming has a harder time to stand its ground against the conventional farming sector. According to

¹ Dimitri and Oberholtzer, 2005, p. 1

² Dimitri and Oberholtzer, 2005, p. 1

³ 19,997 certified farms; 372, 026 ha of organic farmland (2007); Bio Austria, 2007a, p. 1.

⁴ 1,912 certified farms; 346,583 acre (140,000 ha) of organic farmland (2005);

USDA/ERS 2005 in Bingen *et al.*, 2007, p. 10

⁵ USDA/ERS 2005 in Bingen *et al.*, 2007, p. 10

⁶ USDA/ERS 2005 in Miller *et al.*, 2006, p. 6

⁷ 580 certified farms; 122,338 acre (49,500 ha) of organic farmland (2005);

USDA/ERS in Bingen *et al.*, 2007, p. 10

⁸ 205 certified farms; 45,500 acre (18,400 ha) of organic farmland (2005);

USDA/ERS in Bingen *et al.*, 2007, p. 10

⁹ Dimitri and Oberholtzer, 2005, p. 1

¹⁰ Dimitri and Oberholtzer, 2005, p. 1

the 2007 survey report “Organic Agriculture in Michigan”¹¹, for example, the organic sector faces a number of challenges on its way to gaining importance in the agricultural landscape of Michigan. The most important challenges are market development, building consumer awareness, gaining policy support and effectively organizing information transfer between farmers.

Notwithstanding the marked differences described above, the organic sectors in the two regions also show some commonalities. One is that in both countries the organic sector is supported and serviced by various “*support organizations*” that help organic farming to become more important. It is exactly those support organizations that lie at the center of this thesis.

In Austria, there is one single organization that represents a large percentage of organic farmers and that fulfills many functions: “Bio Austria”. 14,000 organic farmers (that is approximately 70% of total certified farms) are members of this network.¹² Bio Austria represents the interests of organic farmers both in policy making and on the market. Its main activities are in public relations, product management, extension services, lobbying and marketing. In Michigan and in the US Midwest, no single organization fulfills all those functions, but a larger number of – mostly smaller – support organizations carry out those activities. In general, the organizational landscape in the US is much more decentralized and fragmented.

This thesis builds on the assumption that support organizations are helpful, if not to say necessary, to effectively develop a country’s organic sector. By carrying out a comparative analysis of support organizations in two different countries, this thesis hopes to unearth some generalizable success factors. It is to be expected that the Midwestern organic sector can learn from the example of Bio Austria with regard to its (well-developed) organizational structure and the long-standing experience that Bio Austria has gathered. On the other hand, the Michigan/Midwest case study might also provide relevant insights for Austria. While European and Austrian agricultural policies are still very much characterized by state support and regulation, one still sees a marked trend towards a more “free-market approach” in recent years. As this trend is expected to continue, the Michigan/Midwest case study might provide a relevant reference model for the future of Austrian organic agriculture.

1.2 Research objectives and research questions

The **objectives** of this master thesis are threefold:

- first, to thoroughly *describe* support organizations for organic farming in Austria and Michigan/Midwest,
- second, to give a theory-based *explanation* of the modes of operation of the respective organizations and to deduce their specific strengths and weaknesses;
- third, to derive *practical conclusions* for the organizations in both countries.

¹¹ Bingen *et al.*, 2007, p. 26ff

¹² <http://www.bio-austria.at/startseite/organisation>, 12.10.08

The **research questions** of this thesis are:

Questions related to the single support organizations:

1. How do the *institutional environment* and the *socio-political culture* of a country influence the mode of operation of support organizations?
2. How are support organizations *managed* and *structured*?
3. How do support organizations interact with their *members*, and especially, how do they attract new and hold existing members?
4. What are the *functions* that support organizations fulfill for their members and/or clients?

Questions for the comparative analysis:

5. What are the main *differences* between support organizations in Austria and Michigan/Midwest and what are their relative *strengths* and *weaknesses*?
6. What *practice-relevant conclusions* can be derived from the analysis and comparison of support organizations in the two regions?

1.3 Structure of thesis

The thesis is structured into 6 chapters. Chapter 2 introduces the conceptual framework. Chapter 3 describes the general methodological approach, and specific methods applied in this research. Chapter 4 introduces the historical and political context of organic farming in the two case study regions, that is the EU and the US or Austria and Michigan/Midwest respectively. The results of the empirical analysis of the selected support organizations for organic farming are reported in chapter 5. Finally, chapter 6 provides a comparative analysis and gives practice-relevant conclusions.

2 CONCEPTUAL FRAMEWORK

This thesis not only gives “pure descriptions” of support organizations in two countries but also provides *theory-based* explanations. In this chapter, the most relevant theoretical perspectives will be presented. Section 2.1 provides theoretical perspectives on the *organic farming sector* as a whole. It discusses the characteristics of organic farming from an institutional and a socio-cultural point of view. *Organizations and interest groups* are at the focus of section 2.2. Here, definitions of organizations and associations will be given. Furthermore, a theoretical discussion about the functions of organizations from a political-economy and a (eco-) marketing perspective will be provided. Finally, my *own conceptual frame* that is supposed to guide the empirical analysis will be introduced in section 2.3.

2.1 Organic farming from different theoretical perspectives

In order to be able to fully understand support organizations for organic farming, some basic understanding of *organic farming as a sector* is necessary. In this sub-section, organic farming will be discussed from two different theoretical perspectives, an institutional perspective (2.1.1) and a socio-cultural, viz. historical, perspective (2.1.2).

2.1.1 Organic farming from an institutional perspective

Organic farming is defined and influenced by a range of institutional settings. Before coming to those specific settings, a general definition of “*institutions*” is required. HAGEDORN and LASCHEWSKI¹³ define institutions as a set of *rules*. These rules, on the one hand, govern interactions among actors through *rights* and *obligations as well as precepts* and *interdictions* and, on the other hand, determine the allocation of costs and revenues among actors through *rights of disposal* and *servitudes*. Institutions can be formal or informal in nature. Compliance with the rules requires monitoring and control activities and mechanisms of *incentives* and *sanctions*. PRITTWITZ¹⁴ refers to this aggregate of *governance structures* as “*institutional arrangements*”. In that sense, markets, hierarchical organizations and hybrid structures (e.g. cooperation and networks) can be defined as institutional arrangements.

Exemplary institutional arrangements in organic farming

Applying the above definitions and principles to organic farming provides interesting insights, esp. as the institutional arrangements of organic farming operate on diverse levels:¹⁵

(i) Institutions as a system of *precepts* and *interdictions* for the actors: Organic farming constrains the use of certain resources and where required, regulates certain methods applied (e.g. ban of mineral fertilizers). The aim is to reduce certain inputs, with the effect, that the yields could be reduced compared to conventional agriculture and the yield risk increases (at least in a short term). In general, inputs need to be substituted

¹³ Hagedorn and Laschewski, 2003, p. 5

¹⁴ Prittwitz 2000 in Hagedorn and Laschewski, 2003, p. 5

¹⁵ Hagedorn and Laschewski, 2003, p. 6ff

by other factors. Production involves a set of different factors including human and natural resources. Due to the scarcity of labor and capital, the reorganization of the cropping system by appropriate management can substitute for some inputs. In addition to natural resources such as soil fertility, *human resources* especially in terms of knowledge and management skills gain in importance. Organic farming can be considered as a specific *knowledge-system* where *innovation*, *knowledge-transfer* and *learning* play an important role. Organic farming is partly based on traditional knowledge, enhanced by new technologies and practices. The identification of knowledge through research, the communication of knowledge through extension, education and the use of knowledge by farmers are of great significance.

(ii) Institutions as attributes of goods: For the reasons given in (i), farmers experience higher costs in organic production and thus depend on the will of the consumer to pay a premium price for organic products. The premiums that consumers pay for are of different nature compared to conventional products because organic products differ from them in multiple ways. Some differences are visible, as their phenotype, others are non-visible, as a reduced contamination with chemicals, either of the organic goods themselves or of the environment. Because the consumer personally cannot prove compliance with the rules, the consumer acts with uncertainty; therefore, trust is indispensable.¹⁶ Trust is built either by direct contract in the case of direct marketing or is assured by the *regulating system*, whereas the information flow to the consumer is important. This requires a learning process of repetitive and close interaction through a willingness for constant communication within the organic sector.

(iii) Institutions as the title of a label when complying with the rules: Through compliance with certain rules, the producer receives the right to use the brand “organic” for his/her goods. The aim of a brand is to make the goods visible and definable compared to other goods. For the producer, it is important that the brand creates the financial latitude to compensate for the additional costs of organic production.¹⁷ A brand is *exclusive*, it creates a differentiation through the limitation of actors involved. From the vantage point of economic theory, producers are not interested in an unlimited expansion of organic farming because higher production volumes may have a negative effect on the revenue of the producer in terms of lower prices. In real-world organic markets, the price-dampening effect of the over-supply of organic products is not yet noticeable, neither in the EU nor in the US. Producers are also interested in certain barriers of access in order to guarantee certain standards and to assure that development is consistent with demand. In terms of the classification of goods as used in neo-classical economics, the brand “*organic farming*” is therefore a *club good*. Club goods are “*excludable and congestible in consumption*”, they are characterized by the criteria of preclusion and the problem of potential overexploitation (see Table 1).¹⁸ This is, as will be shown in greater detail in section 2.2.2.2, also one explanation why organic farming is organized in associations.

¹⁶ Dienel 1999 in Hagedorn and Laschewski, 2003, p. 9

¹⁷ Meffert 1989 in Hagedorn and Laschewski, 2003, p. 10

¹⁸ OECD, 2001, p. 77

Table 1 Classification of goods

	Non-exclusive	Exclusive
Non-rival	Pure public goods	Sovereign resources, “Club goods”
Congestible	Open-access resources	
Rival		

Source: Barbier *et al.*, 1994, p. 168 (modified)

In contrast, state actors often have an interest in expanding the organic sector by lowering the barriers of access for farmers. This is at least partly motivated by the eagerness of policy makers – as benevolent representatives of consumers’ interests – to ensure lower prices for organic produce. At the same time, the plea for lower access barriers is probably also driven in response to corporate interests involved in large-scale organic food production and distribution. Market expansion happens through the lowering of minimum standards, subsidy payments for organic producers and no compulsory membership of associations. With these types of regulations, the institutional character of the brand “*organic farming*” is moved into the direction of an *open-access resource*. Open-access resources are characterized by the potential consequence of overexploitation, thus lowering revenues for producers. In that theoretical case, policy is urged to make efforts to not only increase the demand in terms of quantity from the producer side, but also to increase the demand in terms of payment reserves of consumers. Therefore advertising efforts must balance efforts made for subsidy payments, otherwise *organic farming* turns into a *public good* and loses its *exclusiveness*.

(iv) Institutions as a system of organizations and networks to observe and guarantee the compliance with the rules: Historically, organic farming is a *self-regulating system*, where central governance is the responsibility of farmer associations and their umbrella organizations. BENNETT¹⁹ differentiates between associations according to their activities; they have either the focus on offering services or on lobbying and trying to influence policy. Service-oriented associations have the advantage that their services, such as information and advice, are individually assignable (i.e. private goods). This does not happen with influence-oriented associations; they offer a public good and are, therefore, confronted with the problem of free-riders. This topic is going to be discussed in greater detail in 2.2.2.2.

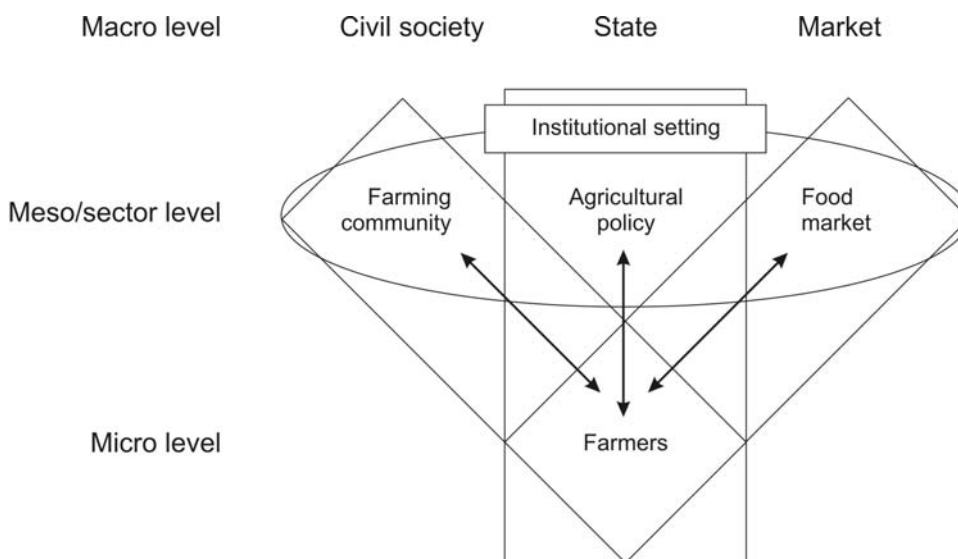
HAGEDORN and LASCHEWSKI note – at least for a European context – a trend away from a self-regulating system towards a government-driven administration. Along with that goes the loss of functions for organic farmer associations. Parallel to this trend and the professionalization of the marketing activities, organic farmer associations are moving from service- to lobbying-oriented organizations. The empirical results reported in chapter 5 show whether this trend is also observable in Austria and Michigan/Midwest as well as its possible consequences.

¹⁹ Bennett, 1999, p. 894

Institutional interrelationships in organic farming

Organizations operate within society. Depending on the orientation of the organizations, there are different parts and levels of society which organizations try to influence or are being influenced. MICHELSEN *et al.*²⁰ conceptualize society as composed of three parts: the *state* (based on political authority), the *market* (based on economic competition) and *civil society* (based on civil solidarity within families, social groups, etc.). Further distinctions are made between *levels* of society: Society at large constitutes the *macro level*. The individual farmers are operating on the *micro level*. In between, on the *meso- or sector-level*, organizations are mediating interrelationships between the macro and the micro level. In Figure 1, this setting is applied to organic farming, where *civil society* constitutes the *farming community* domain, the *state* the *agriculture policy* domain and the *market* the *food market* domain. Single aspects within these domains have already been discussed above. Within the *farming community* domain, organizations are typically based on the solidarity of farmers and they organize farmers' interests in organizations for training and extension services. Within the *agriculture policy* domain, public agencies interact with farmers through regulation or support, which, e. g. includes programs on organic farming certification and support. Within the *food market* domain, the farmers interact with business firms that demand diverse food products for processing and marketing.

Figure 1 Interrelationship between the farmer and the institutional environment



Source: Michelsen, 2001, p. 11

MICHELSEN *et al.* further state that despite significant differences between the domains, strong interrelationships have developed across organizations in each domain, which is indicated through the ellipse on the meso- and sector level in Figure 1. The following example should clarify the type of interrelationships: Farmer co-operatives play a prominent market role in many countries where these cooperatives also show strong interrelationships with farmers' unions. The implementation of agriculture policies often involves farmers' unions. Public agencies contribute to the

²⁰ Michelsen *et al.*, 2001, p. 7ff

development of production systems and therefore they tend to have a close relationship with the farming community. These interrelationships do not involve the individual farmer; they only work at the meso/sector level, but they also have an indirect impact on farmers' actions through the other three domains.

2.1.2 Organic farming from a socio-cultural perspective

Organic farming can not only be analyzed from an institutional but also from a sociological perspective. Sociological theories focus on the socio-historic foundations of organic farming. From this angle, organic farming has its origin in older social movements such as the “*life reform movement*” (“*Lebensreformbewegung*”) which started in Germany and Switzerland or the urban American *food reform movement*²¹ which both developed in the mid of the 19th century.²² Historically, organic farming shows the characteristics of (i) a *social movement* and (ii) a system of shared *interpretative schemata* about what is appropriate and desirable behavior in certain situations and what type of governing counts as legitimate.²³

(i) Organic farming as a *social movement*: The fact that organic farming developed as an independent social movement outside traditional organizations and in opposition to established agricultural policy practices has an influence on the organizations and the actors involved up until today. MICHELSEN *et al.*²⁴ point out that one characteristic of social movements is that they typically take a critical stance toward traditional practices; this is also observable in organic farming which as a field practice developed as a critique to common or conventional agricultural elements of the mainstream. The origin of this critique lies in the perception of agriculture that emphasizes environmentally friendly or sustainable production. Agro-ecological systems should strive to achieve adequate production levels based on farm-derived and local resources and the recycling of nutrients as well as animal welfare.²⁵ Another characteristic of social movements can be seen in organic farming as it tries to go beyond agricultural organizations and interests. Beyond farmers, other interests who are usually not involved in agriculture have contributed to its development. Consumers and consumer-organizations and several non-agricultural organizations (e.g. foundations) are supporters of organic farming. MICHELSEN *et al.*²⁶ characterize them as consumers, traders, scientists and ordinary citizens. From an institutional point of view, the networks among those actors are of great significance. Developers had well-established interrelationships with other parts of society as with environmental sciences or environmental movements.²⁷

(ii) Organic farming as *interpretative schemata*: The ideas and concerns of the organic movement are not just of technical nature in the sense that they represent an alternative to prevailing conventional techniques and practices. From the perspective of the organic farming movement, not only technical but also *social* and *organizational*

²¹ Both movements are characterized by their ‘natural way of living’, which emphasize vegetarian diets, physical training, natural medicine, back-to-the-land initiatives, and organic gardening.

²² Vogt, 2007, p. 26

²³ Hagedorn and Laschewski, 2003, p. 13f

²⁴ Michelsen *et al.*, 2001, p. 6

²⁵ Lampkin *et al.* 1999; Neuerburg and Padel 1992 in Michelsen *et al.*, 2001, p. 6

²⁶ Michelsen *et al.*, 2001, p. 6

²⁷ Michelsen *et al.*, 2001, p. 6

innovations play a prominent role for achieving a sustainable development. The organic movement as an alternative agricultural movement faces the problem that outside observers and agents, such as state and commercial interests, “*treat it as a movement purely for technical change, with no wider ideological commitments or social implications*”.²⁸ That means, when actors within the organic movement evaluate the issues and style of policies dealing with organic farming, not only the output-driven goals are of importance, but also the way these goals are pursued should be taken into account.

2.2 Organizations and interest groups from different theoretical perspectives

The following descriptions aim at carving out some characteristics of organizations and associations. The chapter starts out with some basic *definitions* of organizations and associations (2.2.1) and, then, focuses on the *functions* that support organizations provide. Those functions will be analyzed from two different theoretical perspectives: a political-economy perspective (2.2.2) and an (eco-) marketing perspective (2.2.3).

2.2.1 Definitions: organizations and associations

2.2.1.1 Definitions of organizations

The multi-disciplinary field of *organizational theory* provides various criteria along which organizations can be classified and analyzed. Analyses of organizations can be carried out (as Figure 1 depicted) on three levels of societal phenomena, i.e. the macro, the meso, and the micro level.²⁹ According to TÜRK, the *macro-sociology* of organizations analyzes organizations as certain types of social formations in society, defined in the relation with their environment. It focuses on the relations between organizations and society. Internal structures and individual patterns of behavior are not of concern on that level. *Meso-level* investigations of organizations focus on the level of the single organization as a social formation and they especially look at specific aspects of internal structures and processes. The *micro-level* deals with the system of “individuals and organizations” focusing on personal interactions or the involvement of members. The focus of this thesis is on the meso-level, but it also provides insights on macro- and micro-level of organizational activities and approaches.

Organizations have become topics of research in different scientific disciplines and they have been examined from different conceptual perspectives. As a result, different definitions of organizations exist; yet there are still some common definitional features. According to BEDEIAN³⁰ there is some general agreement that organizations develop to function as instruments for the attainment of specific goals. Organizations are likely to emerge where people see a common or a complementary advantage which can best be served through *collective* action (as opposed to individual action). Organizations are therefore social formations which pursue certain goals with a medium- to long-term perspective and which show a formal structure with which the activities of the

²⁸ Tovey, 2002, p. 8

²⁹ Bedeian, 1980, p. 17; Türk, 1978, p. 49ff

³⁰ Bedeian, 1980, p. 3

members³¹ are directed towards the pursued goal; they furthermore perform services and exist in a social environment.³²

2.2.1.2 Associations as a special type of organizations

The main focus of this thesis is on a certain type of organizations, namely *farmers' associations*. In the following discussion, associations as a special type of organizations are described in greater detail.

SCHWARZ provides a multi-dimensional typology of organizations as depicted in Table 2. The typology by SCHWARZ systematizes organizations along two dimensions, i.e. (i) their ownership or their dominant objectives and (ii) the type of services the organizations provide or the way they are financed. Associations fall into the category of private non-profit organizations based on cooperation. They support their members (which can be individuals or organizations) through certain performances (representation of interests, coordination of member behavior, services, etc.) for economic and/or socio-cultural and/or political accomplishments. Associations are typically financed by their members. Members also take over duties within the association on a voluntary or part-time basis. The membership is either voluntary or mandatory. Associations usually aim to build a monopoly in their sphere of action.³³

Trade associations are a special type of association. Since the organizations investigated in this thesis are mainly this type, these associations will be described in greater detail. Trade associations have the distinction of having members (who are either individuals or organizations) who pursue economic goals. Trade associations combine members of one sector, which usually produce similar products or services and which operate on the same market. The members stay legally and economically independent; the association only determines the collective tasks to perform. The aim of these associations is to improve or at least have a positive influence on the "business success" of the members through the organizations' activities. In the agricultural sector, trade associations are quite common. The members can either be individuals or organizational units, that is, farms. The cost of membership is typically bound to the area under cultivation of the respective enterprise.

³¹ The term member is also used for the employees of organizations

³² Kieser and Walgenbach, 2003, p. 6; Luley, 1996, p. 26ff

³³ Schwarz, 1984, p. 55

Table 2 Types of organizations by dominant objectives, type of services provided, and type of financing

Ownership / dominant objectives		Type of services provided and type of financing (predominantly or exclusively)	
		<i>Private goods financed via prices</i>	<i>Public, collective and / or meritory goods financed via taxes, donations or membership fees</i>
Private, profit-oriented (For-profit organizations)		Enterprise: agriculture, investment goods, consumer goods, services	(Subsidized enterprise)
Non-profit organizations	Public sector	Public enterprise: transportation, energy, postal services, banking	Public administration: retirement homes, hospitals, schools and universities, museums
	private, needs-oriented	Cooperation	cooperatives, functional cooperation, vertical cooperation, worker-owned businesses <i>Economic organization:</i> cartel, association <i>Socio-cultural organization:</i> leisure association, church <i>Political organization:</i> political party
		Charitable	(Charity enterprise)

Source: Schwarz, 1984, p. 31 (own translation)

2.2.2 Functions of organizations from a political-economy perspective

2.2.2.1 Functional perspective on associations: services and incentives

In the relevant literature, associations have often been investigated from the perspective of *pressure groups*.³⁴ SCHWARZ³⁵, however, points out that the representation of interests is, of course, one task that associations fulfill, but that they provide more services for their members. On the one hand, the members are the sponsors of the association and, on the other hand, they are the beneficiaries of their activities. SCHWARZ differentiate between the following three types of services:³⁶

(i) Economy-oriented services (“*Ökonomisierungsleistungen*”): These services are carried out by associations in order to compensate for the lack of capacity experienced by individuals. Examples of economy-oriented services are cooperative advertising or joint performances on trade shows, but also the provision of professional information or the full range of extension services fall into this category.

(ii) Regulation-oriented services (“*Ordnungsleistungen*”): These services are directed at regulating processes within the organization and on the market. Members commit themselves or are committed to perform according to certain guidelines within the organization. Examples for such guidelines are technical norms or quality-based

³⁴ Luley, 1996, p. 47

³⁵ Schwarz, 1984, p. 39

³⁶ Schwarz, 1984, p. 75f

standards. Market-oriented regulation aims at standardizing behavior towards partners on the market. These regulations, for example, try to mitigate (or even eliminate) competition among members by regulating prices and / or conditions (e.g. price cartels) or by dividing up market territories (e.g. regional cartels). This type of service is especially prone to evoke conflict among the members of the association.

(iii) Services of representation („Vertretungsleistungen“): This type includes services that an association conducts towards actors outside the organization with the explicit aim to influence them. Examples for this type of services are the representation of interests towards political actors or negotiations with government or representatives on the market.

The three types of services mentioned above are especially relevant for *trade associations*.

From a functionalist perspective, organizations are only able to survive if, and as long as, they carry out activities to the satisfaction of their members. The “fate” of an organization depends on three types of decisions that members have to take: first, whether to join an organization, to stay with it or to leave it; second, to decide how to contribute to the performance and the governance of the organization; and third, what services to use that the organization offers.³⁷

The kinds of activities that members perform are therefore dependent on two factors: the *motives* that the individual member has, and the *incentives* or services that the organization offers.³⁸

Selective incentives are an important tool that associations deploy to motivate potential members to join. SCHWARZ³⁹ distinguishes between three types of incentives: subject-specific incentives, socio-emotional incentives, and participative incentives.

(i) *Subject-specific incentives* can be described as all factors which are in direct or indirect context with the mission, the purpose or the goal of the organization.

(ii) *Socio-emotional incentives* result from the way the interpersonal relations of the organization are shaped. SCHWARZ refers in that context to feelings as fellowship, friendship as well as mutual respect and appreciation. Such incentives are to be experienced through the involvement in board activities, in groups, at events either in the official or the “cozy” part.

(iii) *Participative incentives* describe the ability of the members to be actively involved in the organizations’ activities in terms of being able to have an impact on the activities through the commitment of abilities and talent.

In order for incentives to have an impact on the member (or on the potential member, respectively), incentives have to be recognized and they have to be transformed into a motive. According to SCHWARZ, subject-specific incentives are not enough to motivate potential members to join. In this context, he especially stresses the

³⁷ March and Simon 1958, Fuchs 1969, Türk 1976 in Schwarz, 1984, p. 193

³⁸ Luley, 1996, p. 56

³⁹ Schwarz, 1984, p. 209ff

importance of socio-emotional incentives.⁴⁰ In order to be successful, organizations have to balance the motives and incentives of its members with the actual services the organization offers.

2.2.2.2 Logic of action of interest groups

When looking at the history of organic farming and its development over time, one sees that all along organic farmers have formed groups or organizations to pursue certain collective goals within the organic sector. Forming (interest) groups to pursue common goals is an obvious strategy, as an organization which is representing a larger number of farmers has more political clout than single farmers acting on their own. The economist Mancur OLSON points out, however, that interest groups face certain structural problems. The following explanations underline the principles of group organization and the problems that occur with groups of a certain size.

OLSON⁴¹ states that the ultimate aim of most organizations is the *“furtherance of the interests of their members”*. Similarly, LASKI⁴² states that *“associations exist to fulfill purposes which a group of men have in common.”* In order to further members' interests and to fulfill common purposes associations perform *collective actions*. According to OLSON, the results of collective actions have the characteristics of a *public good* (see Table 1). The main feature of public goods is that they cannot be refused to anybody, once they are established.⁴³ Individuals, who do not contribute to the provision of these goods, cannot be excluded from using them. The provision of public goods leads to benefits that everybody can use and to costs that nobody wants to pay for. OLSON⁴⁴ exemplifies this dilemma by making reference to the activities of labor unions:

“A pay increase is (...) a public good in that workers who are not union members, or who choose not to strike in furtherance of the pay claim, benefit equally with union members and those who did strike.”

The possibility to benefit without having to contribute (e.g. by membership fees or participation in collective action) is known as *“free-riding”*. Free-riders gain benefits without incurring costs that a group membership may create. Free-riding is especially encouraged in groups with a large number of potential or actual members because individuals may calculate that the provision of the public good will be little influenced through their failure to participate as *one* member more or less is not going to influence the political power of the group by any significant margin.⁴⁵ Thus, large groups – OLSON also calls them *“latent groups”* – have no incentives to provide a public good for the reason that even though the public good might be valuable for the group as a whole, individual members see no incentive to bear the costs for collective action. As a result of these considerations, individuals in a latent group will only *“act in a group-*

⁴⁰ Organizations not only enact positive incentives the behaviour of the members can also be influenced by negative incentives as sanctions.

⁴¹ Olson, 1971, p. 5

⁴² Laski s.a. in Olson, 1971, p. 6

⁴³ Olson 1965 in Glück, 2003, p. 50

⁴⁴ Olson 1968 in Heywood, 1997, p. 258

⁴⁵ Olson 1968 in Heywood, 1997, p. 258

*oriented way*⁴⁶ if separate and “selective” incentives are provided. Only benefits reserved strictly for group members will motivate one to join and contribute to the group.

The mentioned incentives must be *selective* towards the individuals in a group so that those who do not join the group and therefore do not contribute to the groups’ interests can be treated differently to the ones who do. The incentives to join a group can be of positive or of negative character, “*in that they can either coerce by punishing those who fail to bear an allocated share of the costs of the group action, or they can be positive inducements offered to those who act in the group interests*”.⁴⁷ One special form of negative incentives, typical for the Central European associations’ landscape, is the principle of “mandatory membership”. In some countries, including Austria, systems of mandatory membership for specific professional or political associations exist. Usually such mandatory membership institutions, called Chambers (“*Kammern*”)⁴⁸ in Austria, enjoy special privileges in the political arena, such as privileged access to political discussions (e.g. right to comment on draft legislative bills). In the case of positive incentives, membership offers additional, private goods or services as benefits, the price of which will be paid via membership fees (e.g. lower insurance premiums, access to special information or price-arrangements on raw-material markets).⁴⁹

The situation is different for small groups – which OLSON⁵⁰ also calls “*privileged groups*”. If only a small number of persons is interested in a public good, any single (potential) member will evaluate his/her own benefit from this public good so high that he/she would also be willing to provide this good alone. If the cost of some quantity of a public good is adequately low in relation to its benefit that some individual would gain through paying for it all by her/himself, OLSON assumes that the public good will be provided. In this case the public good will be obtained probably without any group organization or coordination.

Between these two groups, latent and privileged, there is a third category which OLSON⁵¹ calls “*intermediate groups*”. The size of such a group prevents the supply of the public good by a single individual for the fact that he/she does not obtain a share of the good to a sufficient amount. On the other hand, the group is not big enough that single individuals among each other do not notice one’s failure in helping to provide the public good. OLSON⁵² states that “*in such a group a collective good may, or equally*

⁴⁶ Olson, 1971, p. 51

⁴⁷ Olson, 1971, p. 51

⁴⁸ In Austria, the representation of group interests is collectively organized in chambers (*Kammern*). In that case, this duty was transferred from the state to self-governing bodies with an obligatory membership. Hence, every Austrian farmer is member of the agricultural chamber (*Landwirtschaftskammer*), for the reason to ensure that “potential clashes of interest amongst the members are directed inwards and that a united front is projected outwards”. Chambers exist at the state level with sub-division at the district level. The state chambers are organized in one national umbrella organization (Pregernig, 1999, p. 25). Due to the fact that the members pay for the membership, diverse services, as extension services are offered that the farmers may use. The agricultural chambers have the monopoly in terms of agricultural extension services offered. The chambers in general are a powerful partner in the political system of Austria. They are one of the four “social partners” in Austria, which “serve formalised and fundamental functions in the legislative process on all levels”. (Michelsen *et al.*, 2001, p. 25f)

⁴⁹ Glück, 2003, p 53

⁵⁰ Olson, 1971, p. 49f

⁵¹ Olson, 1971, p. 50

⁵² Olson, 1971, p. 50

well may not, be obtained, but no collective good may ever be obtained without some group coordination or organization”.

2.2.2.3 Interest groups in different political cultures

The two case study regions analyzed in this thesis, i.e. Austria and Michigan/Midwest, are embedded in different political systems and cultures. The following sub-section highlights a few key aspects of the differences in the political system and the political culture of Austria and the United States of America.

The political system of the US, as enshrined in the US constitution, is characterized by, *distrust* and mutual *restriction of powers* and it is largely based on *pluralism*.⁵³ *“The core theme of pluralism is that political power is fragmented and widely dispersed.”*⁵⁴ Pluralism means that in the decision making process, the views and interests that a large number of groups have are taken into consideration in a complex iterative process of negotiations.

Pluralism implies *competition* between a plurality of interest-groups as well as between different state and administrative bodies (esp. the Presidential Administration, Congress, and the courts). Hence, the associated political style can be described as *conflict-oriented*.⁵⁵ However, American political culture is founded on a stable consent about central values, such as individualism or liberty and the strong belief in economic competition. That makes political disputes often more *“of emphasis, not of structure”*.⁵⁶

In stark contrast to the US system, Austria’s political culture can be described as *consensus-oriented*. *Concordance*⁵⁷ is seen to be the main *modus operandi* in the interaction between different governmental bodies as well as between state and non-state actors.⁵⁸

This policy style also had and has a strong influence on the status and role of associations within the political system. In general, there are close ties between political parties, administrative bodies and associations, with trade associations and associations of labor having the most direct access to the “core” of the political system. *Corporatism*, as this system is called in political theory, gives certain groups a privileged position in relation to government, where they are enabled to have an influence of the formulation and the implementation of public policy.⁵⁹ In corporatism, the state even actively supports the establishment of associations which are capable of finding compromises and obliging their members. The result is a system that comprises only a few large associations which divide their tasks amongst themselves and which try to avoid competition among each other as far as possible. The above-mentioned system of “Chambers” is an example of a legally anchored corporate state.⁶⁰

⁵³ O’Riordan and Wynne 1987; Renn 1995 in Pregernig, 2005, p. 273

⁵⁴ Heywood, 1997, p. 255

⁵⁵ O’Riordan and Wynne 1987; Renn 1995 in Pregernig, 2005, p. 273

⁵⁶ Vorländer, 1998, p. 44

⁵⁷ *Democracy of Concordance* describes a type of popular government. The aim is to involve a high number of actors (e.g. political parties, associations, minority groups) in political processes, where decisions shall be made in a consensus; http://en.wikipedia.org/wiki/Concordance_system, 18.12.08

⁵⁸ Pregernig, 2005, p. 274

⁵⁹ Heywood, 1997, p. 257

⁶⁰ Krott, 2005, p. 99

In contrast to Austria (and many other European countries), US associations tend to have decentralized structures, they have regional or local roots and due to the highly diverse interests that they represent, are strongly specialized and divided. LÖSCHE and WASSER⁶¹ see the marked differences between European and US associations in their different historical roots. Contrary to Germany, for example, the US did not have early feudalistic forms of associations, such as the guilds, where membership was obligatory. When the republic was founded, the leading principle of social organization was (economic) freedom and, therefore, also interest representation was strongly built on the principle of competition. In addition, the associations were not forced by state powers to cooperate and to affiliate. In 19th-century Europe, federal bureaucracies were the main initiators and carriers of industrialization. In the US, at the same time, a strong federal entity which had an influence on the economy and on society was missing. The bureaucracies in the single states were characterized by instability and frequent change of personnel. More powerful associations only developed in the beginning of the 20th century, especially as a reaction to the nascent welfare state, the wartime economy of World War I, and the New Deal.⁶²

2.2.3 Functions of organizations from a (eco-) marketing perspective

In the previous section, the *modus operandi* of associations has been described from a rational choice perspective. However, the actions that associations take and the functions that they provide to their members can be described from a management perspective. Building on approaches from (eco-)marketing, WIEDMANN and BURKHARD⁶³ developed a typological framework that summarizes and structures the various functions which environmental associations perform for various clients (incl. supporters, policy makers as well as the broader public) (see Figure 2).

The framework builds on the assumption that environmental NGOs address diverse target groups (from individuals and households to corporate and state actors) who are deemed to be responsible for negative environmental effects and whose behavior should be made more environmentally benign through marketing efforts. According to the framework, marketing measures can be geared to different target areas and address different functions:

- *Supply-oriented* eco-marketing tries to provide the basic prerequisites for environmentally benign behavior (i) by generating and disseminating relevant information on how to protect the environment and by offering environmental education; and (ii) by developing and propagating specific tools for solving environmental problems.
- *Context management* refers to a type of eco-marketing which tries to influence societal behavior on a more general level, namely by trying to make the general political environment more “green-minded”. Here, marketing activities – which could

⁶¹ Lösche and Wasser, 2008, p. 46

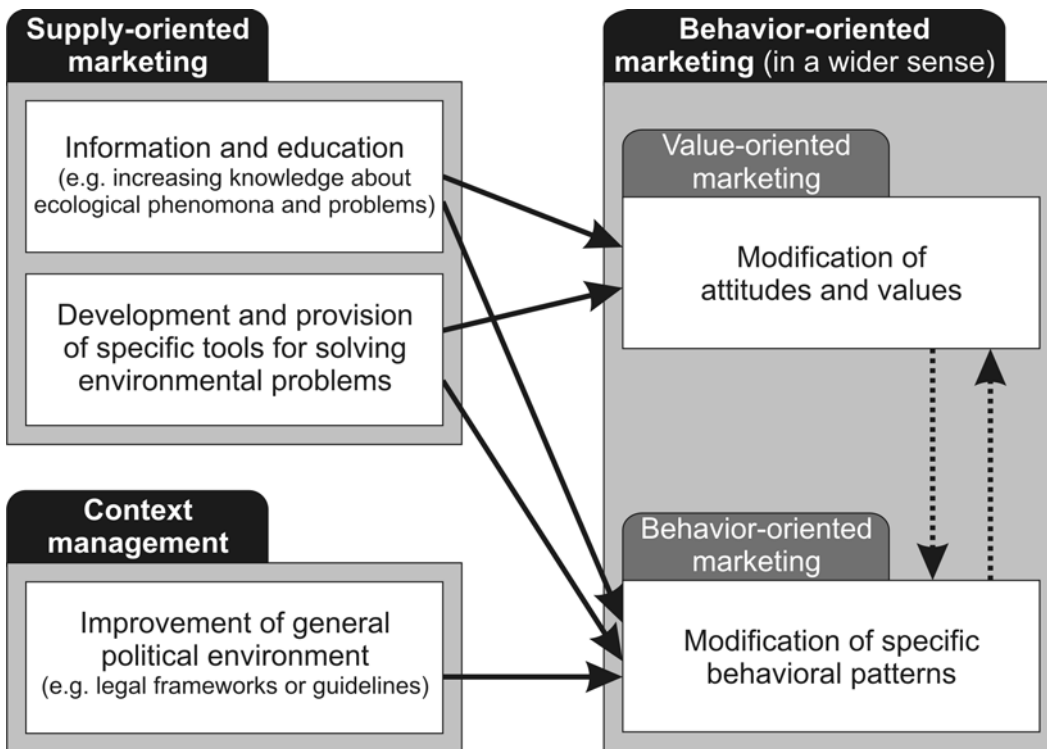
⁶² The New Deal was called a sequence of central economic planning and economic stimulus programs initiated by the US President Franklin D. Roosevelt between 1933 and 1938. The goal was to give aid to the unemployed, reform of business and financial practices, and recovery of the economy during The Great Depression; http://en.wikipedia.org/wiki/New_Deal, 18.12.08

⁶³ Wiedmann and Burkhard s.a. in Baumgartner, 1991, p. 16

also be called “political lobbying” – are typically geared at the creation of new, more environmentally benign legal frameworks or guidelines.

- *Supply-oriented eco-marketing* and *context management* only have an impact on the environment if the actual target groups (i.e. individuals, households, enterprises etc.) change their day-to-day behavior. This is the starting point for *behavior-oriented marketing in a broader sense*. It aims at the modification of attitudes and values (value-oriented marketing) as well as at the modification of specific behavioral patterns (behavior-oriented marketing). Value-oriented interventions and behavior-oriented interventions are tightly interconnected (as represented by the arrows in Figure 2) because for environmentally conscious behavior to last, not single interventions should be in the centre of attention, but rather attempts to improve the overall consciousness of the target group.

Figure 2 Target areas and functions of ecologically-oriented marketing



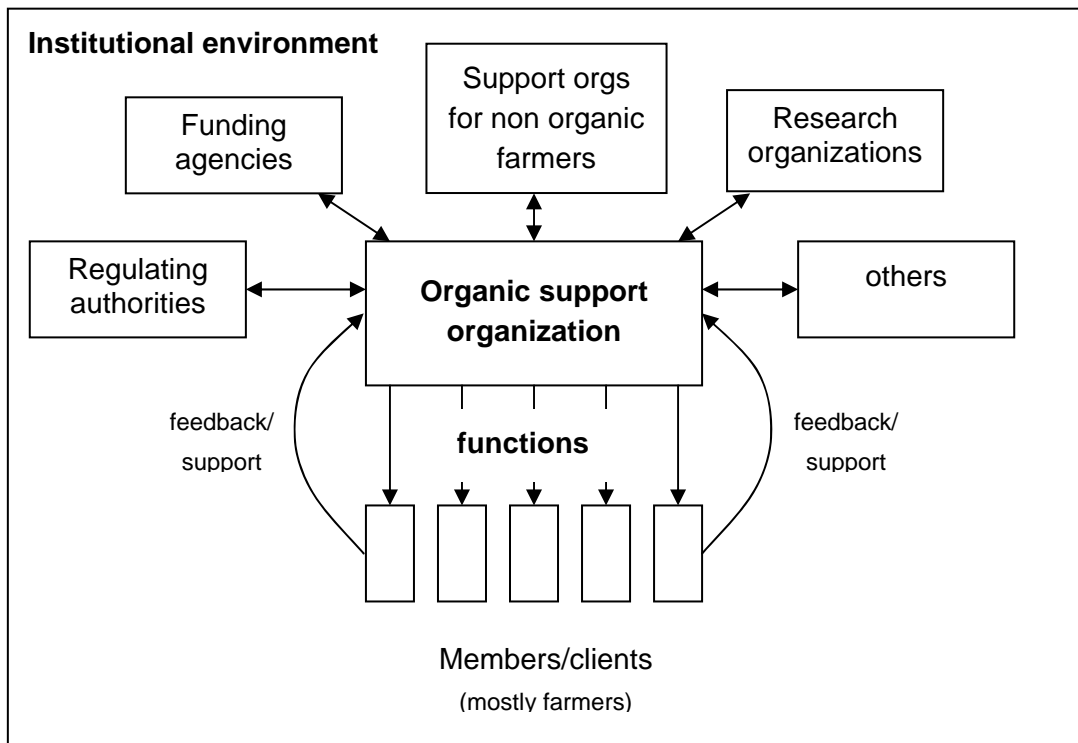
Source: Wiedmann and Burkhard s.a. in Baumgartner, 1991 (modified, own translation)

Farmers associations cannot be fully equated with environmental NGOs, but the above-mentioned framework still has some heuristic value in the context of this thesis. The framework can help especially to describe and understand the various functions that organic farming associations provide for various clients. While in the context of NGOs the target groups addressed are mainly actors outside the organization, in the context of agricultural support organizations also the organization’s own members, especially new ones, are to be addressed through (*ecological*) *marketing* activities.

2.3 A conceptual frame for this thesis

As laid out in the introduction, the analytical focus of this thesis is on *support organizations* in organic farming. The theoretical reflections above have shown, however, that an analysis cannot just focus on the organizations itself, but rather has to take a broader, more systemic perspective, that means support organizations have to be analysed in their *institutional environment*. Figure 3 gives a graphical representation of such a systemic perspective on organic farming support organizations.

Figure 3 Institutional environment of support organizations



Source: Own illustration

The following empirical analysis of support organizations in Austria and in Michigan/Midwest will first investigate how support organizations are embedded in the wider institutional environment. In this context, as described in section 2.1.1, the term *institutions* is to be interpreted in a broad, neo-institutionalist reading, standing for a set of rules that govern actions taken in organic farming and also mediate interactions among various actors in this field. As indicated by the upper boxes in Figure 3, a special focus will be on organizations with which the investigated support organizations stand in a competing or cooperative relationship. The whole empirical analysis, as reported on in chapters 4 and 5 below, will take a neo-institutionalist perspective on support organizations.

The investigations in this thesis go beyond the mere study of the support organizations itself in a second respect: Section 2.1.2 has pointed to the fact that organizational analyses have to take *socio-cultural aspects* into consideration. The descriptions in chapter 4 will, therefore, shed light on the historical and political context of organic farming. Section 5.2 will especially concentrate on the *historical development* of the organic farming sector on the question in how far that impinges on conditions under

which support organizations are operating today. These explanations are supposed to answer research question no. 1.

A major part of the analysis will then, of course, also have to be focused on the “internal operating logics” of support organizations (as symbolized by the box in the centre of Figure 3 and as substantiated by the theoretical explanations in section 2.1.1). Empirically, special emphasis will be on the *management structures* of support organizations, including their goals, their major fields of activity, their hierarchical levels, their financial systems, and their external networks. Those aspects will be described in detail in section 5.3. The respective explanations will answer research question no. 2.

In order to fully understand organic farming support organizations, another analytical spotlight has to be pointed at their *members* (as represented by the small boxes at the bottom of Figure 3). Section 2.2.2 has shed light on the relationship between support organizations and their members from a theoretical perspective, especially drawing on theories from the field of political economy. Answering research question no. 3, results of the corresponding empirical analysis will be reported on in section 5.4.

To better understand the relationship between support organizations and their members, a *functional perspective* will be taken. As described in abstract terms in section 2.2, support organizations fulfil a number of specific functions (as symbolized by the downward arrows in Figure 3. In section 5.5, the main functions of organic farming support organizations, i.e. lobbying, marketing and the provision of extension services and education, will be described in greater detail. These explanations will answer research question no. 4

Finally, in section 6.1 a comparative analysis is carried out that highlights the main differences between support organizations in both countries and deduces their relative strengths and weaknesses. This comparison is supposed to answer research question no. 5. Answering research question no. 6, the chapter closes with practice-relevant conclusions (section 6.2) derived from the analysis of both countries.

3 METHODOLOGY AND METHODS APPLIED

Put in a simple way, the aim of social science research is to learn something new about the social world. To achieve this aim, social research employs several methods to systematically produce knowledge.⁶⁴

Section 3.1 gives a brief overview of social research approaches. Some relevant approaches applied in this thesis will be described in greater detail: case study research in section 3.2, expert-interviews in section 3.3, and qualitative data analysis in section 3.4. In section 3.5, the specific research design applied in this study will be described. Section 3.6 finally enumerates some of the limitation of the study.

3.1 Overview of methods of social science research

The social sciences offer a plethora of different methods and techniques. The manner in which the research objective is framed has a profound influence on the choice of methods to be employed, the nature of the data to be collected and the appropriate analytical methods selected.⁶⁵ Table 3 gives a simple overview of some of these approaches.

Table 3 Partial, illustrative list of social science research methodologies

Method	Application	Limitations
Secondary data		
- Historical - Census - Previous research	Provide context and background for any social research endeavor	Availability and relevance of existing data
Ethnographic		
- Participant observation - Case study - Oral history - Key informant	Explain experience and values of specific target population, identify relationships, understand issues in context	Time requirement, limited capacity to generalize, lack of formal analytical procedures
Structured group		
- Focus group - Nominal group - Delphi	Establish problem's boundaries and topics for further research	Limited capacity to generalize
Survey		
- Telephone - Mail - Door to door	Estimate general parameters of large population, rigorous statistical analysis	<i>A priori</i> knowledge required, limited capacity to explain, declining response rates

Source: Bliss, 1999, p. 48

The *analysis of secondary data* is a research strategy that builds on research or data collection efforts that have already been done by others in the past. It is an important first step in any research effort as it gives the researcher an orientation into a new

⁶⁴ Neuman, 2006, p. 2

⁶⁵ Bliss, 1999, p. 44f

research field. The other research techniques mentioned in Table 3 all belong to the category of *primary research*, i.e. research where (usually) empirical data are defined and then collected.

Ethnographic research strives to produce what anthropologists call “thick description”, i.e. rich accounts of human behavior and values that reveal underlying motivations, causes, and essential relationships. Through the methods of ethnographic field research, the researcher attempts to understand and articulate the topic under study from the insider’s perspective.”⁶⁶ Within this category, qualitative interviews are one method to elicit empirical data.

Structured group techniques are a second category of qualitative methods. These include identifying groups of key individuals and involving them in structured exercises designed to elicit their views on topics of interest.

Survey research, finally, belongs to the category of quantitative social research. It uses more standardized research instruments, like questionnaires. For this thesis, methods of ethnographic research seem to be the most appropriate; the specific methods applied will be described in greater detail below.

The discussion on methods in the social sciences has for long been characterized by the dichotomy between *qualitative* and *quantitative* approaches. Table 4 highlights the main differences between those two approaches by contrasting qualitative methods with standardized survey studies.

Table 4 Comparison of qualitative and standardized questionnaire survey methodologies⁶⁷

	Methodology	
	Qualitative	Standardized survey
Purpose	Describe and explain processes and relationships, generate hypotheses	Describe, estimate population parameters, test hypotheses
Design	Inductive, flexible	Deductive, rigid
Sample	Selective	Random
Questions	Informant-driven, Why? What? How?	Predetermined, How many/much?
Unit of analysis	Individual, case	Trait
Data	Multiple instruments	Single instrument
Analysis	Uncodified	Formal
Result	Depth, particulars	Breadth, generalizations

Source: Bliss, 1999, p. 45

⁶⁶ Bliss, 1999, p. 49ff

⁶⁷ The contrasting representation of research approaches in Table 4 is – as any ideal-type representation – admittedly rather schematic. BLISS, for example, claims that the analysis of qualitative data is always *uncodified*. This is, of course, (no longer) true. There are various methods available that apply sophisticated coding techniques to analyze qualitative data. Also in this thesis, a coding method was applied.

One distinctive feature between qualitative and quantitative methods lies in the fundamental modes of scientific reasoning that the two approaches apply: deductive and inductive⁶⁸. In the *deductive* model, the researcher formulates hypotheses regarding the phenomenon of interest, he/she must know from the beginning what hypotheses make sense and what data are relevant. Deductive methods are carried out for a basic understanding of general characteristics of a large population, they provide reliable generalizations. In contrast, in the *inductive* approach the researcher is searching for explanatory patterns through the process of gathering and sifting through potentially relevant data, it may provide greater depth of understanding of social phenomena. As will be described in greater detail below, this thesis applies a qualitative approach and it mainly draws on inductive reasoning, but still some deductive elements have been incorporated, esp. in the step of data analysis.

3.2 Case study research

Case study research is one particular type of qualitative social research. It is a research strategy that typically applies a collection of the above mentioned methods. A case study is an empirical inquiry that *“investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used”*.⁶⁹ The use of multiple sources of evidence allows the researcher to address a broader range of historical, attitudinal and observational issues.⁷⁰ Nevertheless, YIN⁷¹ states that the interview is one of the most important sources of case study information.

Case study research doesn't focus on predefined variables within a larger pool of research objects (like quantitative survey methods do), but it rather focuses – as the name implies – on single “cases”. A case can be a community, a group of individuals, an organization, an historic event, a political process or the like. The objective of case study research is not to generalize from the case to a larger population, but to understand in great depth the particulars of the case.⁷²

Case studies are a quite common research strategy in *organizational research*. HARTLEY⁷³ states that case studies are especially useful where it is important to understand how the organizational and environmental context is having an impact on social processes. In this thesis, a case study approach has been used to investigate support organizations for organic agriculture in Austria and Michigan/Midwest.

3.3 Expert-interviews

Interviews can be carried out in many different forms. A key attribute used to distinguish between different interview methods is the degree and form of *structuration*: In a face-to-face survey study a closed-ended questionnaire is used, in a narrative

⁶⁸ Bliss, 1999, p. 45

⁶⁹ Yin, 1989, p. 23

⁷⁰ Bliss, 1999, p. 52; Yin, 1989, p. 95

⁷¹ Yin, 1989, p. 88

⁷² Bliss, 1999, p. 52

⁷³ Hartley 2004 in Cassell and Gillian, 2004, p. 325

interview the researcher goes into the field without a clearly structured instrument, while in a semi-structured interview an interview guideline is applied. For the research carried out in this thesis *semi-structured interviews* are seen to be the most appropriate method. In a semi-structured interview the researcher pursues specific goals through the questions asked, but still shows flexibility in terms of adapting and asking questions according to the interview situation.

A specific form of semi-structured interviews is the so called *expert interview*. The term “expert interview” is mainly used in the German-speaking literature. In the Anglo-American literature expert interviews are not considered as a distinct form of interviewing, instead, the literature rather refers to “elite-interviews”.⁷⁴ According to MEUSER and NAGEL⁷⁵, the main characteristic of expert interviews is that the personal life and experiences of the interviewee, i.e. the expert, is not so much of importance in the interview, it is rather their capacities of being an expert for a certain field of activity that is of special interest. The experts are integrated into the study as representatives a certain group, not as single individuals. The range of potentially relevant information stated by the interviewee is much more restricted than in other interview methods. As a consequence, the interview-guide has to have a stronger directive function so as to exclude “unproductive” topics, i.e. topics that are not related to the specific research questions.

3.4 Qualitative data analysis

Text material generated in qualitative or semi-qualitative interviews calls for special forms of analyses, namely qualitative data analyses. Similar to interviews, qualitative data analyses can be done in many different forms. Figure 4 tries to classify methods of data analysis. GLÄSER and LAUDEL⁷⁶ distinguish between four types of analysis: free interpretation, sequence-analytical methods, coding, and qualitative content analysis.

- *Free interpretation* stands for a method in which the researcher reads and interprets the interviews and summarizes key interpretations with reference to the research question. This frequently applied method has the advantage that reasonable results can be produced within a short period of time. The big disadvantage is that the steps of analysis can not be reproduced and made comprehensible to an outsider; with that the methods lacks scientific rigor.
- In *sequence-analytical methods*, which are not very common in research practice, texts are analyzed in sequential ways. Single parts of a text are analyzed for their thematic and chronological nexus. The stepwise procedure is intended to avoid inadequate, premature interpretations. The most common approach in this field is “objective hermeneutics” by Ulrich Oevermann.
- A rather common interpretation method is *coding*. This method is based on the principle that an organized, often hierarchically structured set of codes is generated

⁷⁴ Gubrium and Holstein 2002, Denzin and Lincoln 2000 in Littig, 2007, p. 1

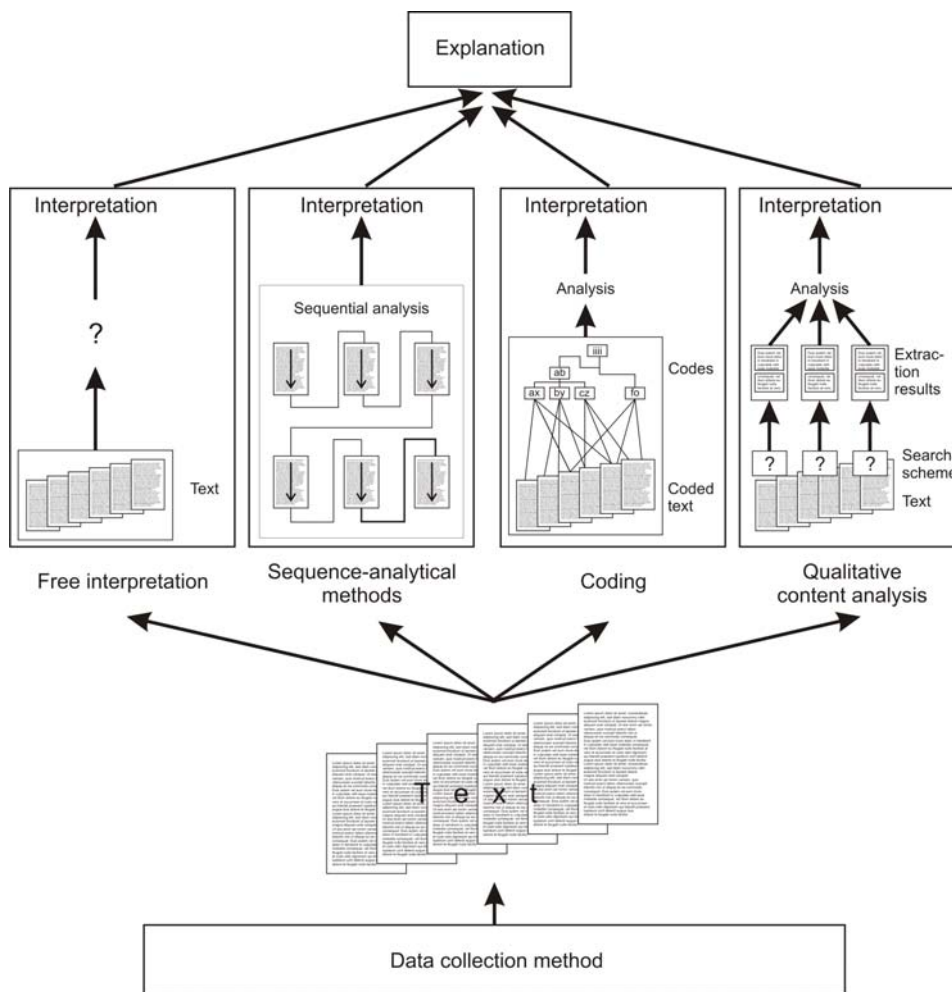
⁷⁵ Meuser and Nagel 2002 in Flick, 2006, p. 165

⁷⁶ Gläser and Laudel, 2005, p. 41ff

and, then, single parts of the text are linked up with those codes. Coding strategies will be described in greater detail below.

- A method similar to coding is the so-called *qualitative content analysis* as developed by Philipp Mayring. In contrast to other coding strategies, this method does not code the original texts (e.g. the full transcripts) but rather adds a further research step in which the text are paraphrased (i.e. condensed and summarized) and only those summaries are coded. A second difference is that the category system is developed *ex ante*.

Figure 4 Classification of methods of data analysis

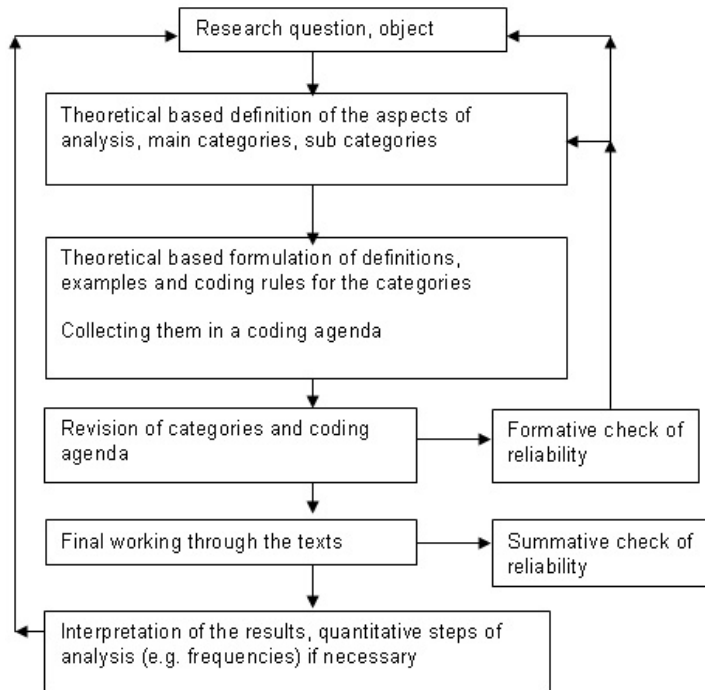


Source: Gläser and Laudel, 2005, p. 42 (own translation)

For the analysis of expert interviews, typically a coding strategy is applied. Also in this thesis a coding approach was used. Coding strategies differ depending on how the list of codes (often in the form of a hierarchical “code tree”) is generated. The code system can either be developed in a deductive or an inductive way (see Figure 5 and Figure 6). While in the deductive approach the code system is developed *before* the researcher reads and interprets the interview material, in an inductive approach the code system originates from the text material. In practical research, the two approaches are often combined, that means the researcher starts out with a first set of codes (as derived from theory or previous studies) and, then, adds further codes or restructures the code

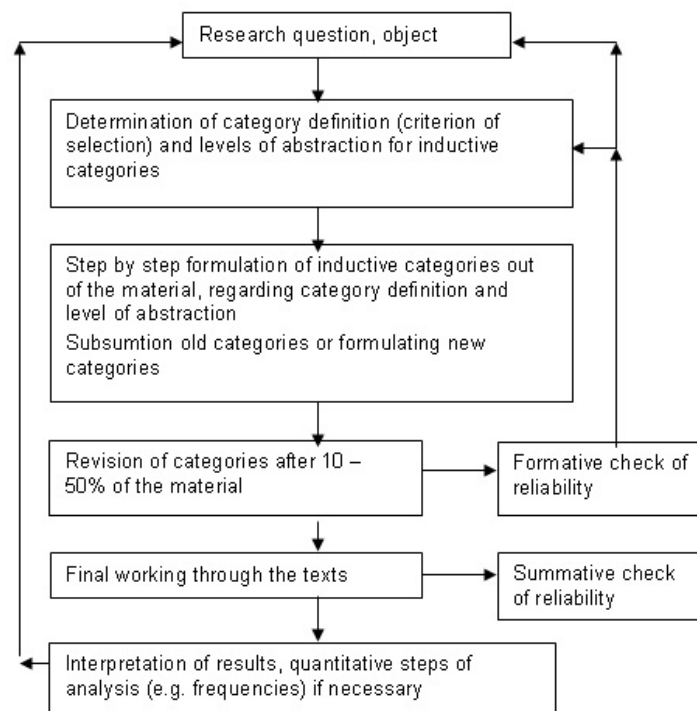
tree while interpreting the text material. In this thesis, such a mixed approach was applied.

Figure 5 Step model of deductive category application



Source: Mayring, 2000, s.p.

Figure 6 Step model of inductive category development



Source: Mayring, 2000, s.p.

3.5 Specific research design applied

As outlined above, this thesis investigates support organizations for organic agriculture in Austria (see Figure 7) and in Michigan/Midwest (see Figure 8). As shown in the conceptual frame above (see Figure 3) the focus of this work is on *support organizations* themselves, on the *functions* that they fulfil for their members and/or clients, and on the way they are *embedded* in their institutional environment.

Overview of research steps

Building on existing theoretical literature, my own conceptual framework was developed and used to guide my empirical research.

The empirical research was carried out in three steps:

- (i) *Analysis* of “Bio Austria” in terms of the “support functions” that it fulfils for the Austrian organic sector;
- (ii) Scanning of the Michigan respective Midwest “institutional landscape” for organizations which actually provide (or could provide in the future) similar, respectively other, support functions and, subsequent, *analysis* of those “support organizations”;
- (iii) *Comparative analysis* of the case studies in the two countries and generation of practical conclusions.

In the first step, the main functions and working areas of “Bio Austria” were identified. In parallel, the organizational structure of “Bio Austria” and its embedding in the Austrian organizational and actor landscape was investigated.

In the second step, the research was carried out in Michigan. Institutions in both Michigan and selected Midwest states (see below) which are “functionally equivalent” to “Bio Austria” were identified. Those institutions were then analysed using a similar “conceptual framework” as in the Austrian case study.

In the third step, insights gained from the Austrian and Michigan case studies were compared in order to come to practical conclusions.

Case selection

As described in section 3.2 above, case study research is especially appropriate for the qualitative analysis of organizations and their environments. A case study approach was, therefore, also chosen for this thesis. The cases analyzed are the Austrian organic farming association “Bio Austria” as well as a number of “functionally equivalent” organizations in the US State of Michigan or the US Midwest, respectively.

Bio Austria has been chosen as the Austrian case study, for the fact that it is the only organic farmer-owned organization that embraces all of Austria in terms of activities and importance. The rationale for choosing support organizations in Michigan and the surrounding Midwestern states are twofold. Even though the state of California has the highest percentage of organically farmed land and organic farms, it has not been chosen as a case study since agro-businesses are already involved in organic production there. The aim was to find a state that has a distinct agricultural sector more

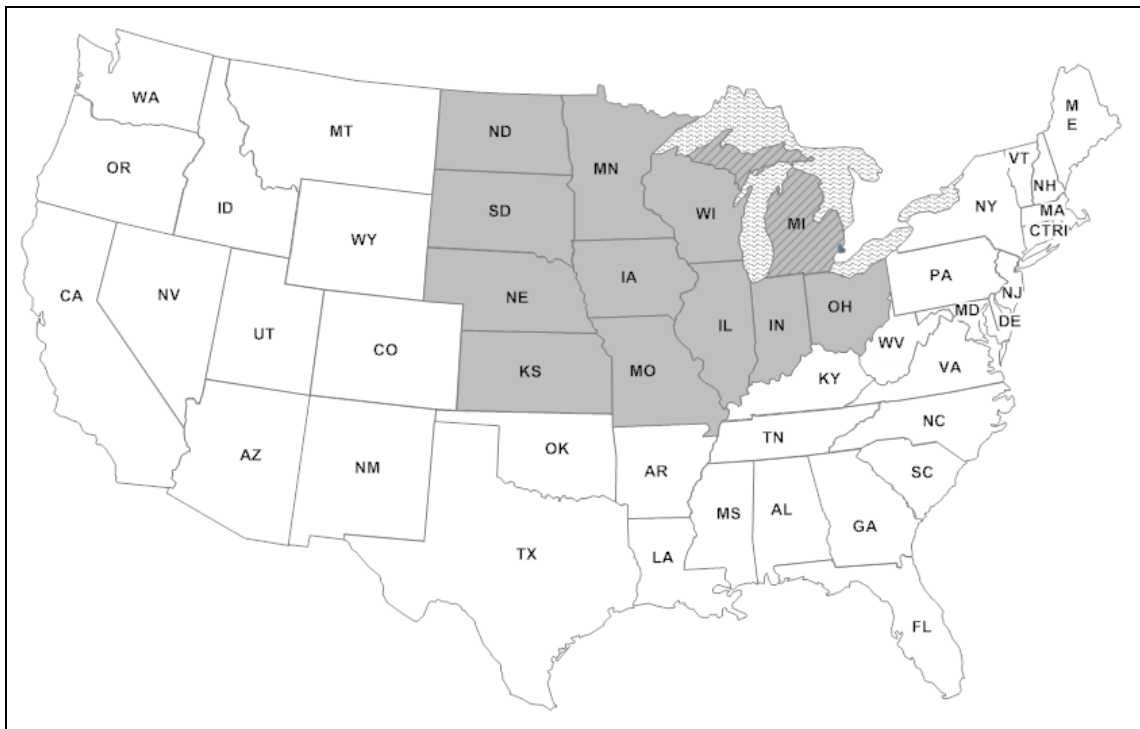
similar to Austria (e.g. in terms of focus on small- and mid-sized family farms and conditions of production). As an institutional contact between BOKU and Michigan State University existed, Michigan has been chosen as a case study.

Figure 7 Map of Europe with Austria



Source: Own figure

Figure 8 Map of the United States of America with Midwest



Source: Own figure

Selection of organizations and persons interviewed

In Austria, the primary case was Bio Austria. Because the functions that Bio Austria performs in Austria are split among more than one organization in Michigan, seven organizations were analyzed in the US. When starting the research process in Michigan it soon became clear that it would not be possible to focus only on organizations domiciled in Michigan, but that the research area had to be expanded in order to find an appropriate number of organizations for the comparison. Subsequently, the research area was expended to the US Midwest, i.e. to the states of Wisconsin, Illinois, Iowa, Ohio, and Nebraska. To simplify matters, these states are generally referred to as “Michigan/Midwest” in this thesis.

In the US, the single organizations were selected by means of two criteria: (i) that the organizations are farmer-owned and/or (ii) that they carry out functions similar to those of Bio Austria. For the second criterion, emphasis was put on the functions of education and extension services. This is also the reason why Michigan State University Extension has been investigated even though it is not a farmer-owned organization.

Within the single organizations, the choice of interviewees was guided by the overall research objective as depicted in Figure 1; that is, the emphasis was again on the function of extension services. The interviewees were chosen according to their function within the organization or their importance in terms of extension services beyond organizational structures. Table 5 shows the number and type of persons interviewed in both regions.

Table 5 Number and type of persons interviewed

Austria	Michigan/Midwest
<i>Representatives from the organization in general:</i>	
Representatives from the management and employees.....3	Representatives from the management and employees 7
<i>Representatives for the function extension services:</i>	
Extension coordinator at Bio Austria ..1	Extension coordinators at Michigan State University 2
Extension educators at Bio Austria3	Researcher 1
Researcher..... 1	Extension educators and researchers (with extension appointments) at Michigan State University 5
Extension educator from the Chamber of Agriculture1	Farmer mentors 5
Farmer mentors.....2	Representative from the Department of Agriculture..... 2
Representatives from the Ministry of Agriculture.....2	
Total..... 13	Total 22

Source: Own tabulation

Table 5 shows an imbalance in the number of interviews carried out in the two countries. This is basically attributable to the fact that more research specific secondary literature was available in Austria than in Michigan/Midwest and that the number of (and thus the heterogeneity among) organizations was larger in Michigan/Midwest.

Data collection

Since semi-structured interviews were the interview method chosen (see section 3.3), an interview guideline (see Annex) was developed for carrying out the expert-interviews. The interviews were carried out between February and July 2008. Every interviewee first received an email (with a brief description of the reason and the purpose of this study); they were then contacted by telephone to arrange an appointment. All those contacted agreed to an interview. The interviews lasted between 1 and 2 hours, with the average length being ca. 1.5 hours. All interviews, except for one, were tape-recorded. For logistic reasons, nine interviews were carried out over the telephone (7 outside of Michigan, 1 within Michigan, and 1 within Austria); the others were face-to-face interviews. The interviews were either carried out on the particular farm (5), in the office of the interviewees (17), or public places (4). After each interview, a brief “postscript” was drawn up. The postscripts contained the time and the place of the interview, some personal impressions on the interview situation, a brief summary of relevant topics addressed during the interview, information for further interviews, as well as remarks for the subsequent data analysis. The interviews have been fully transcribed.

Interviewees were assured anonymity. In the presentation of results below, individual interviews are referenced by means of a coding system. The first letter refers to the specific country, the second letter refers to the specific group the interviewee belongs to, and the number sign refers to the random number that each interviewee was allocated.

Table 6 Reference codes for interviewee anonymity

	Austria	Michigan/Midwest
Organization's Management/Coordination	AM#	MM#
Researchers	AR#	MR#
Extension Educators/Researchers	AE#	ME#
Farmer Mentors	AF#	MF#
Administration	AA#	MA#

Source: Own tabulation

Data analysis

Data analysis of the fully transcribed interviews was carried out with the professional text analysis software MAXQDA®. MAXQDA® supports the researcher in performing qualitative data analysis and helps to systematically evaluate and interpret texts.

As described in section 3.4, the method of data analysis was a *coding* approach. The code system was developed by using a combination of inductive and deductive

approaches. The analysis was carried out through original text passages in the respective coding set. Besides interviews, secondary data material, such as reports, articles and the like, were also part of the analysis.

3.6 Limitations of the study

Since no similar analyses have been done before, this research is mostly of an *exploratory* character. It does not intend to provide a full evaluation of the single organizations and their performance. Since mainly interviewees from within the respective organizations were chosen, the assessment of organizations' strengths and weaknesses must be interpreted with caution; they reflect more the opinion of the interviewees plus some critical reflections by the author than "objective" evaluations.

The aim of this study was to highlight the individual approaches that the single organizations employ and how those are related with their specific political and economical context. The focus of research was broad and thus the results rather provide an ample overview than a targeted analysis that could be generalized to other situations or contexts.

4 HISTORICAL AND POLITICAL CONTEXT OF ORGANIC FARMING

This chapter gives an overview on the historical development of organic farming in Austria and in Michigan/Midwest. First, it traces the development of organic farming as a sector that was driven by “organic pioneers” in the beginning and is now being more and more driven by “organic politics” (section 4.1). Then, it roughly outlines organic farming policies in the EU and the US (section 4.2). Finally, the characteristics of organic farming in Austria and Michigan/Midwest are described (section 4.3).

4.1 From “organic pioneers” to “organic politics”

Historically, organic farming has been perceived as an agricultural approach with the intention of forming integrated, humane, environmentally and economically sustainable agricultural production systems. In this context, “organic” refers to the concept of the farm as an organism with its multiple components, such as the soil, minerals, organic matter, micro-organisms, insects, plants, animals and humans. The aim is to support the interaction among those components to create a coherent and self-regulating system. External inputs shall be kept as low as possible irrespective of whether they are of chemical or of organic nature.⁷⁷

Historically, so called “pioneers” were strongly involved in developing and experimenting with organic farming. Starting in the 1920s in Europe, organic farming developed independently in the English and the German speaking countries.

The Englishmen Sir Albert Howard and Sir Robert McCarrison developed an organic approach from their scientific work in India. Howard’s work focused on composting techniques, the importance of humus and the re-use of agricultural waste on the farm.⁷⁸ McCarrison studied the relationship among soil fertility, food quality and human nutrition.⁷⁹ In Howard’s famous book *An Agricultural Testament* (1940), he summarizes his experiences and his idea of the “*whole farm as the starting point and basic unit of agricultural research*”.⁸⁰

While Howard’s efforts were of practical nature, the German Rudolf Steiner brought a philosophical point to farming. He is the founder of the bio-dynamic or anthroposophical movement. Steiner’s holistic approach builds on the assumption that *Nature is a ‘spiritual-physical matrix’, consisting of four levels: physical, ethereal, astral and ego forces*.⁸¹ His guidelines were proposed in several agricultural lectures in 1924 in Germany. Based on these guidelines, a group of anthroposophic farmers developed “biodynamic agriculture”. The biodynamic movement was well organized from an early stage. By 1933 an umbrella organization was formed, comprising various member organizations such as the “*Versuchsring anthroposophischer Landwirte*” (“Experimenters’ Circle of Anthroposophic Farmers”), regional associations, centres for

⁷⁷ Lampkin *et al.*, 1999, p. 1

⁷⁸ Guthman, 2000, p. 75

⁷⁹ Vogt, 2007, p. 25

⁸⁰ Vogt, 2007, p. 24

⁸¹ Vogt, 2007, p. 19

information and advice, marketing cooperatives and a supporting society.⁸² The biodynamic approach was brought to the US by a student of Rudolf Steiner's in the 1940s.

Also in the 1940s in the US, J.I. Rodale founded an organic farm in Pennsylvania. Rodale did not share the biodynamic approach of Rudolf Steiner's; he especially declined the spiritual aspects. Rodale's intention was to test Sir Albert Howard's theories in combination with his own ideas about health and nutrition. Rodale is considered as the founder of organic farming in the US. The organic farming movement in the US must be seen in the context of the so-called „Dust Bowl“, a period of severe dust storms that seriously damaged soils in the Great Plains in the early 20th century. In response, scientists got involved and promoted a sustainable way of farming.⁸³

The 1950s in Europe saw the promotion of “organic-biological agriculture”. The key proponents of this movement were the Swiss couple Maria and Peter Müller and the German Hans Peter Rusch. Rusch's approach was based on the idea of a “cycle of living substances” (“*Kreislauf lebendiger Substanz*”), whereas Müller's practices were built on lay farming, sheet composting and conservation tillage rooted in the Christian faith.⁸⁴

Beginning in the 1970s, sympathies for organic farming issues rose within the environmental movement.⁸⁵ At that time, environmental advocates saw a “*fundamental reorganization of the social order as necessary to achieve ecological sustainability*”.⁸⁶ OBACH⁸⁷ mentions the health movement, also starting in the 1970s, which developed a greater demand for ‘natural’ or ‘organic’ food. Finally, also food scares are often mentioned as a factor for the increase of organic foods, which DIMITRI and OBERHOLTZER⁸⁸ describe as more serious in Europe than in the US.

Until the 1980s, organic farming can clearly be characterized as a *social movement* that developed as a counter model to industrialized forms of agriculture.⁸⁹ Organic farming developed as a critique to conventional agricultural⁹⁰ and it recruited its members outside the common organizational structures and institutions.⁹¹ According to DABBERT and HÄRING⁹², in Europe, with the environmental movement gaining in importance also first policies for organic farming were formulated and implemented.

Until the late-1980s to early-1990s, there was no legal framework for organic; conventional products could be sold as “organic”. In 1993, an EU regulation for organic plant products was enacted and extended by regulations for organic livestock in 2000.⁹³ Driven by the growing organic movement, financial support programs for organic agriculture were introduced in some countries such as Austria, Denmark and

⁸² Vogt, 2007, p. 21

⁸³ Vogt, 2007, p. 26

⁸⁴ Vogt, 2007, p. 18

⁸⁵ Dabbert *et al.*, 2004, p. 4

⁸⁶ Brulle 1996, Gottlieb 1996 in Obach, 2007, p. 231

⁸⁷ Obach, 2007, p. 232

⁸⁸ Dimitri and Oberholtzer, 2005, p. 4

⁸⁹ Industrialisation refers to the input of capital, chemicals and the rationality of agriculture

⁹⁰ Dabbert and Häring, 2003, p. 100

⁹¹ Lynggard, 2001, p. 85

⁹² Dabbert and Häring, 2003, p. 100

⁹³ Dimitri und Oberholtzer, 2005, p. 12

Germany. Since 1992, support for organic agriculture is part of the EU Common Agricultural Policy (CAP).⁹⁴

In the US by the 1990s, organic advocates were well organized into some professional movements and trade organizations that “*lent their expertise to government and industry actors seeking to rationalize and expand organic practices*”.⁹⁵ As seen in Europe prior to 1991, a couple of private organizations offered certification for organic where each organization defined their criteria for organic goods and practices. In 1990, the Organic Food Production Act (OFPA) was passed and mandated the United State Department of Agriculture (USDA) to establish national standards for organic products. In 2002, the USDA National Organic Standards (NOS) were implemented. As beforehand, the system relies on various certifiers, but they are now accredited by the USDA.⁹⁶

So as this brief historic outline for Europe and the US shows, organic farming has developed from its agro-political roots to a politically charged area on the agricultural landscape.⁹⁷

4.2 Organic farming policies in the EU and the US

The EU and the US have taken different policy approaches to organic farming. The EU member states have implemented diverse policies to increase the quantity of organically farmed land. The implemented programs have an effect both on the supply and the demand side. The mix of policy instruments includes national standards and certification, conversion and support payments for farmers with targets for the management of the organically farmed land and support for research, education and marketing.⁹⁸

US organic policies primarily focus on the demand side. National standards and certification have been implemented in 2002. The federal level also supports research (including on-farm research), education and marketing by a limited number of grants, included in the so called farm bill.⁹⁹ The farm bill is the primary agricultural and food policy tool of the federal government of the US. It is passed every several years by the United States Congress and deals with both agriculture and rural development affairs under the purview of the United States Department of Agriculture.¹⁰⁰ DIMITRI and OBERHOLTZER¹⁰¹ state that the US government concedes organic farming has a positive effect on soil quality and on the hampering of erosion, but policy makers mainly consider organic agriculture as an additional market opportunity for producers and an additional choice for consumers.

Organic agriculture policies in the EU are part of general agri-environmental policies. The EU provides the general framework and the co-financing for the Member States,

⁹⁴ Dabbert *et al.*, 2004, p. 5

⁹⁵ California Certified Organic Farmers 2005; Organic Trade Association 2005; Treadwell *et al.* 2003 in Obach, 2007, p. 232

⁹⁶ Dimitri and Oberholtzer, 2005, p. 14f

⁹⁷ Dabbert *et al.*, 2004, p. 6f

⁹⁸ Dimitri and Oberholtzer, 2005, p. 11

⁹⁹ Dimitri and Oberholtzer, 2005, p. 11

¹⁰⁰ http://en.wikipedia.org/wiki/U.S._farm_bill, 03.10.08

¹⁰¹ Dimitri and Oberholtzer, 2005, p. 2

while individual Member States still have the latitude to decide what programs to implement and to tailor the programs to the need of their country. In contrast, the programs in the US are federally funded; the expenditures are based solely on national constraints.¹⁰² The US does not provide specific payments for organic farmers in terms of direct-payments for production practices. Funding is provided through a cost-share program, where expenses for certification costs are refunded to organic certified farmers and handlers up to a 75% (not exceeding \$ 500). These funds can be allocated by states which are eligible to participate in this program.¹⁰³

While in both countries, agro-environmental payments exist, the reasons for these provisions are quite different. In the US system, monetary support is provided mainly with the aim of reducing environmentally damaging emissions.¹⁰⁴ The same reason can also be seen in Austria, but another aspect is of importance; payments in Austria are provided with the aim of perpetuating the existence of agriculture in less-favored regions, such as mountainous areas. The maintenance of cultivated land shall be secured by the support of small-scaled and disadvantaged agricultural structures.¹⁰⁵ In 2007, 88% of Austrian agricultural land was covered by some type of agri-environmental program.¹⁰⁶ Here, environmental programs are seen as incentives for rural development, where farmers continue to deliver public goods such as attractive landscapes. BAYLIS *et al.*¹⁰⁷ states: “*Europeans prefer to see a lightly-farmed nature, while in the United States nature is at its most attractive when human intervention is minimized*”. Therefore, the continuation of active farming is not a predominant concern in US farmland preservation programs.¹⁰⁸ As OBACH¹⁰⁹ states, the role of the state in the development of the organic industry has come primarily in the form of the creation of the official organic standards.

4.3 Characteristics of organic farming in Austria and Michigan/Midwest

The organic farming sector in Austria and Michigan/Midwest shows considerable differences. The following descriptions identify some of the key features of organic agriculture in both areas.

Austria

Austria is described as “*one of the main success stories of European organic farming*”¹¹⁰. Austria has been assigned this title mainly due to the relative size of the organic sector. As mentioned in chapter 1, about 13% of the farmed land is farmed organically. In terms of farm units, about 12% are organic growers, or about 20,000

¹⁰² Baylis *et al.*, 2007, p. 761

¹⁰³ <http://www.ams.usda.gov/AMSV1.0/ams.fetchTemplateData.do?template=TemplateQ&navID=OrganicCostShareProgramNOPNationalOrganicProgramHome&rightNav1=OrganicCostShareProgramNOPNationalOrganicProgramHome&topNav=&leftNav=NationalOrganicProgram&page=NOPCostSharing&resultType=&acct=nopgeninfo>, 13.03.09

¹⁰⁴ A similar approach can be found in Europe only in the Netherlands.

¹⁰⁵ Groier, 2005, p. 11

¹⁰⁶ Grüner Bericht, 2007, p. 10

¹⁰⁷ Baylis *et al.*, 2007, p. 761

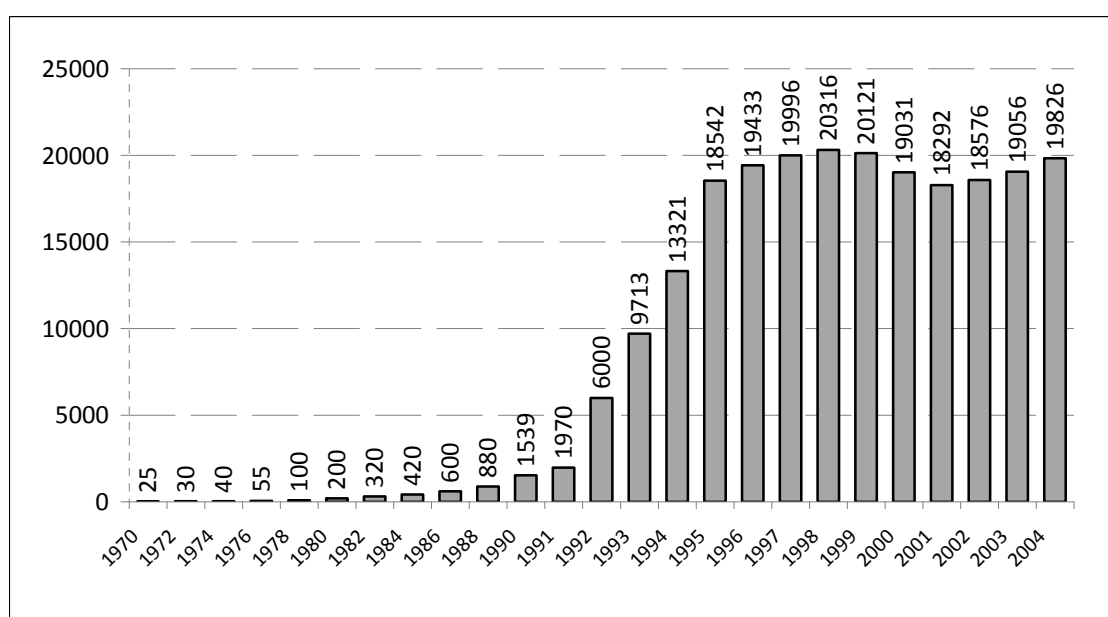
¹⁰⁸ Hellerstein 2002 in Baylis *et al.*, 2007, p. 761

¹⁰⁹ Obach, 2007, p. 238

¹¹⁰ Michelsen *et al.*, 2001, p. 19

organic farmers.¹¹¹ This is the highest proportion of organic farmers of all European countries. The largest part of organic growers can be found in alpine regions; more than 90% of organically farmed land is located in less-favored areas characterized by difficult climatic conditions (i.e. high altitudes, steep slopes, poor soil for agricultural production, etc.).¹¹² As regards production types, rangeland (without pasture) accounts for 63% and crop land accounts for 37% of organically farmed land (with grain being by far the most dominant crop). Other cultures, such as fruit, wine and vegetables are of minor importance (0.6%).¹¹³ In 2003, the average size of an organic farm was 17.4 ha.¹¹⁴

Figure 9 Development of certified organic farms



Source: BMLFUW, BABF in Groier, 2005, p. 25 (modified)

The remarkable growth of the organic sector in Austria has been driven by two types of incentives: market, and political. Organic farming got a first big boost in the mid-1990s, when conventional supermarket chains started selling organic products (Figure 9). Today, almost 6% of overall food sales are attributable to organic products (€860 million in 2007). The main channels of sale for organic products are conventional retail stores (64% of overall sales), health and natural product stores (16%), yard sales (8%), canteen kitchens (5%), and exports (7%).¹¹⁵

The second driving force for the Austrian organic sector can be seen in extensive policy support, especially in the form of financial subsidies given to organic farmers. Subsidies first came from the national level and were later supplemented by EU funds. In Austria, organic farming is supported under the so called ÖPUL (*„Österreichisches Programm für umweltgerechte Landwirtschaft“*, engl. „Austrian Agri-Environmental

¹¹¹ Bio Austria, 2007a, p. 1

¹¹² Groier, 2005, p. 46

¹¹³ Groier, 2005, p. 40

¹¹⁴ Groier, 2005, p. 30

¹¹⁵ http://www.bio-austria.at/bio_bauern/markt/marktdaten_von_bio_austria; 13.03.09

Program"). This program was implemented in 1995 by the Federal Ministry of Agriculture, Forestry, Environment and Water Management (BMLFUW) (in the following analysis referred to as Ministry of Agriculture) when Austria joined the European Union. Today, this program is part of the Austrian programme for Rural Development 2007-2013. This programme is co-financed¹¹⁶ by the European Union, by the federal state of Austria as well as by the provinces. The program aims at promoting environmentally friendly and extensive agriculture that protects natural habitats. The program gives direct funds to farmers conditional on compliance with environmental targets ("cross-compliance").¹¹⁷

Michigan/Midwest

In the US Midwest, comprehensive survey data on organic farming is still rare. The following explanations show characteristics of the organic sector on the example of Michigan and Wisconsin.

According to the first status report¹¹⁸ on organic agriculture in Michigan, published in 2007, approximately 200 certified organic farmers farm 45,500 acres (18,400 ha). This amounts to 0.4% of Michigan's total farmland (of ca. 10.1 mio. acres). 97% of organically farmed land is cropland, only 3% is pasture and rangeland. Compared to the US total in terms of certified organic acreage, Michigan takes the lead in the number of acres in organic spelt production, it takes the 2nd place in the total organic bean production (including dry bean and soy bean, etc.) and it ranks 4th in organic apple production. Table 7 gives an overview of the number of certified organic farms and farmland including other states from the Midwest.

Table 7 Certified organic farms and farmland of the Upper Midwest States in 2005

	Number of Certified Farms	Crop Acres	Pasture & Rangeland Acres	Total Farmland Acres	% Crop -land	% Pasture & Rangeland
Illinois	131	24,682	1,694	26,376	94%	6%
Indiana	43	4,253	903	5,156	82%	18%
Iowa	453	64,158	10,806	74,964	86%	14%
Michigan	(205)	(44,086)	1,424	(45,500)	97%	3%
Minnesota	433	116,813	12,250	129,064	91%	9%
North Dakota	159	143,322	37,811	181,133	79%	21%
Ohio	284	34,502	5,219	39,721	87%	13%
South Dakota	90	60,098	12,727	72,825	83%	17%
Wisconsin	580	91,030	31,308	122,338	74%	26%

Source: USDA/ERS in Bingen *et al.*, 2007, p. 10 (modified)

80% of Michigan's certified organic cropland is in beans (including dry beans, soybeans, dry peas and lentils) and grains; 2% is in vegetables, 3% in fruit, 8% for hay/silage and 7% in cover crops and others (i.e. sprouts, vetch, clover, etc.) The median size of farms is 135 acres (54 ha) and the median number of certified organic

¹¹⁶ Co-financing means that 50% of the total amount is financed by the EU, the other 50% are financed by the federal and the state level at the rate of 60:40.

¹¹⁷ <http://www.umweltbundesamt.at/umweltschutz/landwirtschaft/umweltprogramme/>; 13.03.09

¹¹⁸ Bingen *et al.*, 2007, p. 8

acres on these farms is 110 acres (44 ha). Over 75% of organic farmers in Michigan have been farming for only a very short period of time (10 years or less).¹¹⁹

Looking at the example of Wisconsin, Wisconsin shows the highest amount of organic certified farms next to California. In Wisconsin, 580 certified organic farms farm 122,338 acres (49,500 ha) (see Table 7). One reason for this high amount of organically farmed land is probably the fact, that Wisconsin has a high share of pasture and rangeland. Wisconsin therefore takes 2nd place in the total hay and silage acreage and it leads the number of organic livestock (milk cows, beef cows, hogs and pigs, sheep and lamb).¹²⁰

While the Austrian organic sector has been very much driven by political support, especially in the form of subsidies, the development of organic farming in the Midwest strongly depends on market incentives. The growth in retail sales in the US in general averaged 20% per year since 1990.¹²¹ The channels used for selling organic products vary widely among the state. In 2003, organic food sales in the US were distributed almost evenly between natural product and health food stores (47%) and conventional retail stores (44%), with direct sales and exports taking on 9%.¹²²

¹¹⁹ Bingen *et al.*, 2005, p. 15

¹²⁰ Miller *et al.*, 2006, p. 6

¹²¹ Dimitri and Greene 2002, Nutrition Business Journal 2004 in Dimitri and Oberholtzer, 2005, p. 6

¹²² Nutrition Business Journal 2003, Organic Trade Association 2004 in Dimitri and Oberholtzer, 2005, p. 6

5 ANALYSIS OF SUPPORT ORGANIZATIONS IN ORGANIC FARMING

The support organizations for organic farming in Austria and in Michigan/Midwest operate in quite different political and economical contexts and as a consequence, the organizations take different approaches in order to fulfill their functions. The following analyses try to carve out the key aspects necessary to understand the organizations involved in organic farming in the two areas.

Section 5.1 gives a brief description of the organizations analyzed. The historic development of the organizations is addressed in section 5.2. In section 5.3 the organizations are analyzed in terms of their management structures, including their goals, their major fields of activity, their hierarchical levels, their financial systems, and their external networks. The relationships of organizations and their members are the focus of section 5.4. Section 5.5 analysis the main functions of organizations: lobbying, marketing and extension services. This chapter ends with a synopsis on the functions of support organizations from an (eco-) marketing perspective.

5.1 Brief characterization of support organizations investigated

As outlined in section 3.5, the organizations investigated in this thesis were chosen based on several criteria. The organizations had to be: farmer-owned; provide support for organic farming on various levels and in various forms; and involved in education and extension. In Austria, Bio Austria is the only organization that solely represents and speaks for organic farmers. In the Midwest, multiple types of organizations take different approaches in support of organic farming. Before presenting the detailed analyses, each organization will be briefly described.

Austria

Bio Austria is a non-profit organization founded in 2005. The organization unified two umbrella organizations with 14 organic farmers associations. Bio Austria has about 14,000 organic farmer members. The organization offers services such as extension and education and carries out marketing and lobbying activities. The organization is staffed by about 100 employees. Bio Austria's mission is *"to actively support and further develop Austria's organic agriculture and attempts to sustainably develop the organic market"*.¹²³

Michigan/Midwest

Midwest Organic Farming Cooperative (MOFC)

MOFC is a cooperative (coop) formed in 2001. The organization counts about 100 members, who are farmers mainly from Illinois. MOFC specializes in marketing of grains and soybeans and has recently started to market meats, vegetables, fruits and eggs. MOFC is staffed by 4 employees in two offices: one in Michigan, one in Illinois.

¹²³ Bio Austria, 2007b, p. 3; Schermer, 2005, p. 8ff

MOFC is a member of the umbrella organization OFARM. MOFC's mission is *"to serve their members through promoting organic systems in agriculture, education, public policy, and the favorable marketing of organic products"*.¹²⁴

Organic Farmers' Agency for Relationship Marketing (OFARM)

OFARM is an umbrella organization of currently eight farmer associations. Seven of the member associations are in the US, one is located in Canada. The organization was formed in 2000. OFARM is incorporated in Iowa and has one fulltime employee. OFARM's mission is *"to coordinate the efforts of producer marketing groups to benefit and sustain organic producers"*.¹²⁵

Organic Valley

Organic Valley¹²⁶ is an organic dairy cooperative founded in 1988. At present, Organic Valley, located in Wisconsin, is the largest farmer owned cooperative in the US, owned by almost 1,300 farmers in more than 35 states. Organic Valley is also the single largest source of organic milk in the US. The coop markets milk and milk products, eggs, juices, soy milk and meats. The Organic Valley products are partly processed by coop own plants. The products are sold in all 50 states and overseas. The sales volume was \$ 432.5 million in 2007.¹²⁷ The cooperative operates on the stock-market where non-members can buy shares. Organic Valley is staffed by 250 employees. Organic Valley's mission is *"to create and operate a marketing cooperative that promotes regional farm diversity and economic stability by the means of organic agricultural methods and the sale of certified organic products"*.¹²⁸

Ohio Ecological Food and Farm Association (OEFFA)

OEFFA is a grassroots non- profit organization formed in 1979. OEFFA offers organic certification for about 470 organic producers, processors and handlers in 17 states of the US. OEFFA is accredited by the USDA National Organic Program as a certifying agent. Besides certification, OEFFA has an educational arm. Membership is open to non-farmers. The organization in total counts about 1,500 members. The educational arm focuses on organizing an annual organic conference, workshops and farm tours. OEFFA runs chapters in Ohio. The educational arm of the organization is serviced by 5 employees. OEFFA's mission is *"to promote a food and farming system which is economically viable and environmentally sound, that keeps people healthy, and strengthens the communities"*.¹²⁹

¹²⁴ MM1-2; <http://www.midwestorganic.com/index.html>, 13.03.09

¹²⁵ MM2-3; <http://www.ofarm.org/>, 13.03.09

¹²⁶ The actual name of the coop is CROPP (Cooperative Regions of Organic Producer Pools), but the coop is mainly known by its retail label "Organic Valley". In this thesis, the name Organic Valley is used.
¹²⁷ <http://www.organicvalley.coop/newsroom/press-releases/details/article/organic-valley-hits-another-milestone-during-20th-year-adds-100th-dairy-farmer-to-its-family-of/>, 02.10.08

¹²⁸ <http://www.fundinguniverse.com/company-histories/Organic-Valley-Coulee-Region-Organic-Producer-Pool-Company-History.html>; <http://www.organicvalley.coop>, 02.10.08

¹²⁹ MM9-8; <http://extension.osu.edu/~news/story.php?id=3084>, 18.04.09

Organic Crop Improvement Association (OCIA)

OCIA, formed in 1985, certifies organic producers, processors and handlers in all states of the US. OCIA operates on an international level with offices and members on other continents. The certification for the organic farmers in the US is also carried out for other organic labels in the world such as JAS (Japanese Agriculture Standards), Bio Suisse or the European Regulation. OCIA is also offering an educational arm called OCIA Research and Education. The aim of this educational arm is to support farmer-driven research on farm and at research institutions by giving away small grants. OCIA runs a chapter system, which functions as an outreach for administration issues in terms of certification. The headquarters of OCIA is located in Nebraska. The mission of OCIA Research and Education is *“to support farmer driven research, on farm and at research institutions, including exploratory and demonstration projects. We facilitate connections among farmers, researchers, consumers and decision makers, and educate organic producers and local and global communities regarding organic farming and foods”*.¹³⁰

Midwest Organic and Sustainable Education Service (MOSES)

MOSES is a non-profit grassroots education/outreach organization formed in 1999. MOSES organizes events such as the largest organic farming conference in the country with around 2,000 attendees, arranges field days and workshops and provides educational resource materials. The office of MOSES is located on a farm in Wisconsin. The activities of the organization are accomplished by 7 employees. MOSES's mission is to *“help agriculture make the transition to a sustainable organic system of farming that is ecologically sound, economically viable, and socially just, through information, education, research, and integrating the broader community into this effort”*.¹³¹

Michigan State University Extension (MSUE)

MSUE combines research that is carried out at university level with applied application in terms of extension. Extension faculty on the Michigan State University campus conduct research and translate research results into educational programs. MSUE acts as resource for extension staff members in the counties. MSU extension offices and staff are in all 83 counties. More than 29 academic departments and eight colleges work directly with extension. MSUE's mission is *“to help people improve their lives through an educational process that applies knowledge to critical needs, issues, and opportunities”*.¹³²

Within the last five years, MSU created positions which are supposed to focus on questions of organic farming and sustainability. Up to that time, research and extension have solely been carried out by individuals who feel inclined to organic farming matters on a personal level. MSU is running a student organic farm which functions as a learning and research facility.¹³³

¹³⁰ <http://www.ocia.org/RE/RandEMission.aspx>, 13.03.09

¹³¹ MM4-4; MOSES, 2008, p. 2

¹³² http://www.msue.msu.edu/portal/default.cfm?pageset_id=25744&page_id=25758&msue_portal_id=25643, 13.03.2009

¹³³ ME1-7, ME8-5

In the following sections, the organizations briefly described above will be analyzed more closely in terms of their management structures and their functions for members and/or clients. This analysis is especially difficult for the US side where seven organizations have to be described and compared. To give the presentation of results more clarity, the US organizations are categorized along two functional areas, namely *marketing* and *education*, whereas the education type is further broken down into three sub-categories as shown in Table 8. This categorization aims to simplify the description and to facilitate comparisons.

Table 8 Categories of organizations investigated

Main functional areas	Organizational type	Organizations
Marketing	Marketing cooperatives	Organic Valley MOFC OFARM
Education	Certifying agencies with educational arm	OEFFA OCIA
	Educational service organization	MOSES
	University extension	MSUE

Source: Own tabulation

5.2 Historic development of support organizations

The historical development of support organizations is of special interest because an organization’s origins and how it evolved gives valuable insights into its current identity and the specific functions that it provides. Bio Austria, as a conglomerate of different organic farmer associations of Austria, is explained more in detail because the development of Bio Austria covers the organizational development of all organic associations in Austria.

Austria

In the early days of organic farming, the farmers organized themselves into support groups. Advisory services were offered by experienced pioneers who shared their knowledge with their less experienced colleagues, for free. In the beginning, this knowledge-exchange was formally organized in *chapters* (“*Arbeitsgruppen*”). In Austria, one reason for building farmer associations was to professionalize these chapters.¹³⁴

In the early 20th century, beginning within the *Demeter* movement, organic farmers started to align to associations. Their focus was on organic production issues and on the coordination of marketing efforts for organic products. The single associations didn’t cooperate too much among each other but they rather tried to maintain clear

¹³⁴ AM2-122

borders to similar organizations, based on ideological criteria or the development of their own standards.¹³⁵

In Austria, several of these associations formed over time. One of the first ones was formally established in 1962. The founders of *ORBI* (“*Förderungsgemeinschaft für ein gesundes Bauerntum*,” engl. “Association for the furtherance of a healthy farming community”) were not farmers, but people who shared the ideology of the Swiss pioneers Müller (see section 4.1). In MICHELSEN *et al.*¹³⁶ *ORBI* is described as an association with nationalistic or partly even a National Socialist ideology.

In the 1970s, the association “*Ernte fürs Leben*” (“Yield for Life”) was founded. The idea of *Ernte* was to represent the farmers’ interests and to distance from *ORBI*, since *Ernte* had a more pragmatic approach trying to ‘*establish structures that would allow the self-help principle in line with Müller’s understanding of organic farming*’.¹³⁷ The pragmatic orientation of *Ernte* can also be seen, as MICHELSEN *et al.*¹³⁸ mention, in the early cooperation with the conventional agriculture sector (esp. with the Chambers of Agriculture).

The Chamber system is a distinctive feature of the Austrian associations’ landscape. By law, the agricultural Chambers are obliged to support their members, or *all* Austrian farmers, in their professional practices; thus the Chambers are also supposed to represent and support organic farmers. Even though the number of organic farmers and the amount of organically farmed land increased in the 1980s, most Chambers reacted to the boost only by the mid 1990s. At that time, the agricultural Chambers started with the establishment of organic units and they nominated persons responsible for organic farming. One reason for the increased interest of the Chambers in organic farming was that not all farmers who converted to organic joined an organic farmer association.¹³⁹ These farmers are called “codex farmers”.¹⁴⁰

The cooperation with the Chambers and disagreements regarding farming practices within *Ernte*, led to a split and the foundation of the separate “*Erde&Saat*” (“Soil&Seed”) association in 1988. At the same time, other associations developed which were mainly representing farmers in a specific region, such as *Biolandwirtschaft Ennstal* (“Organic farming Ennstal”) founded in 1989.

By 2001, 66% of all Austrian organic farmers were member of a farming association (besides their obligatory membership in the Chamber of Agriculture). In the same year, Austria counted 11 farmer associations¹⁴¹, with *Ernte* being the largest association representing 87% of organized organic farmers, and having members in almost all

¹³⁵ Buchanan 1965 in Jahn *et al.*, 2005, p. 530

¹³⁶ Michelsen *et al.*, 2001, p. 23

¹³⁷ Michelsen *et al.*, 2001, p. 23

¹³⁸ Michelsen *et al.*, 2001, p. 23

¹³⁹ Gruber and Fersterer, 1999, p. 16

¹⁴⁰ Austrian Codex farmers need to comply with the minimum requirements for organic production: EU law (Council Regulation (EEC) No. 2092/91) and with the Austrian Codex Alimentarii. A large number of codex farmers can be found especially in the western part of Austria where the association landscape has been weak (and still is) and farmers who converted for reasons of subsidies, reconverted as the organic production was to financially burdensome and they experienced a lack of market possibilities of their organic produce (Schermer, 2005, p. 6f).

¹⁴¹ At this point it needs to be stated, that the number of farmer associations in Austria stated in the literature varies from source to source.

regions of Austria.¹⁴² *Ernte* was affiliated with the umbrella organization “ARGE Biolandbau” (*Arbeitsgemeinschaft zur Förderung des biologischen Landbaus*, engl. “Association for the furtherance of organic farming”) that was founded in 1984 and represented approx. 90% of all farm members of organic producer associations.¹⁴³ A second umbrella organization formed in 1994, ÖIG („*Österreichische Interessensgemeinschaft für biologische Landwirtschaft*“, engl. „Austrian syndicate for organic farming“). This organization represented three farmer associations. ÖIG was developed because of conflicts between ARGE and some of its member associations mainly in connection with marketing issues. *Ernte*, ARGE’s largest member association, started to build up marketing channels to the main supermarket chains, while ÖIG’s member associations advocated regional processing and marketing such as direct marketing and supplying health food stores.¹⁴⁴ In this context it has to be mentioned that these disputes mainly took place at the organizational level; individual farmers who were members of different associations often cooperated with each other, especially for marketing.¹⁴⁵

Conflicts between the two umbrella organizations continued for some time. MICHELSEN *et al.*¹⁴⁶ state that these conflicts hampered the further development of the organic sector in Austria in several ways: With powers divided, the political influence of each of the two organizations remained low. At the same time, state officials had problems in identifying who to turn to for organic farming expertise. Furthermore, state officials also disapproved the competition of the umbrella organizations about subsidy money from the state.

In 2002, the Ministry of Agriculture provided incentives for the unification of the two umbrella organizations. With a unified umbrella organization, state actors hoped to get a single contact point and partner, especially for the administration of federal subsidies. In addition, the Ministry threatened to make receipt of state subsidies for organic conditional upon creating a unified association. Approximately at the same time, an “organic labeling affair” was discovered: “Ökoland” an organic trading organization and (at that time) affiliated company to *Ernte* labelled and sold conventional crops and meat as organic.¹⁴⁷ This food scandal, gave further incentives for the creation of a strong umbrella organization, which would be able to guarantee the quality and efficiency of organic marketing.¹⁴⁸ As a consequence, both umbrella organizations (with special support from *Ernte*) worked on the formation of the new organization, which was eventually formed in 2005 and which was called *Bio Austria*. The farmer associations at the state level still exist, the umbrella organizations were transformed into Bio Austria.¹⁴⁹ However, some associations fully integrated into Bio Austria, as described in section 5.3.2.

¹⁴² Freyer *et al.*, 2001, p. 401

¹⁴³ Michelsen *et al.*, 2001, p. 22

¹⁴⁴ Vogl and Heß, 1999, p. 139

¹⁴⁵ Michelsen *et al.*, 2001, p. 23

¹⁴⁶ Michelsen *et al.*, 2001, p. 23

¹⁴⁷ http://www.falter.at/print/F2002_28_1.php, 03.11.08

¹⁴⁸ Schermer, 2005, p. 9

¹⁴⁹ Reisinger, 2004, p. 10

Michigan/Midwest

While in Austria the formation of associations has been very much influenced by activities of state actors and para-state actors (esp. the Chambers), interest group formation in the US is mainly driven by market incentives. Having more strength in the market place through unified action can be seen as the predominant reason for the formation of coops. This can also be seen in the historic development of the organizations investigated in this thesis. In the case of OFARM it was marketing problems due to low soy prices that initiated the group's formation. More concretely, the foundation of OFARM can be seen as a consequence of a meeting in 1997 where farmer associations from various states met to discuss about the present situation and about possible actions to take. The necessity of having more control over prices and traders, especially in terms of the quality of relationship towards the buyers, was often referred to as a big incentive for forming an association:

*"(...) a lot of the reason the farmers formed this cooperative is they have been lied to or misled or promised things that did not happen."*¹⁵⁰

The coops are categorized by having their main focus on certain crops, such as grains, and in the case of Organic Valley on milk. Organic Valley's original aim was to market organic grown vegetables. A difficulty with logistics led to the focus of the coop on dairy production, since dairy products also presented a bigger market.¹⁵¹

The development of the certifying agencies dates back to the beginning of the 1980s. OEFFA and OCIA are certifying agencies which can also offer educational services. The provision of educational services is limited however. They have to be provided by separate organizations with their own source of income. This separation of roles is laid down by the national organic standard law. The law stipulates that certifying agencies are not allowed to give advice beyond simple information about certification, as it is perceived as a conflict of interest with their duties as independent certifiers.¹⁵²

The educational service organization MOSES developed because farmers realized a growing demand for organic educational resources, a demand that the university extension system did not fulfill (and basically still does not fulfill):

*"I feel like I have been doing the job of our government for 10 years. (...) The Extension arm of the university was not feeling a need."*¹⁵³

In comparison to Austria, where universities have a rather detached role, US universities, especially the Land Grant Universities, have a long tradition in bringing applied research to the farm by means of extension services. In the year 1915 the first extension workers were appointed.¹⁵⁴ The main audiences addressed by university extension are, of course, conventional farmers. Nevertheless, some universities have recently started to offer specific programs for sustainable and organic farmers.

¹⁵⁰ MM7-5

¹⁵¹ The demand of organic dairy products was advanced by the introduction of the genetically engineered growth hormone rBGH in 1993, which stimulates the milk production of conventional cows up to 25 %.

¹⁵² Kuepper, 2002, p. 3

¹⁵³ MM4-6

¹⁵⁴ http://www.msue.msu.edu/portal/default.cfm?pageset_id=25744&page_id=25758&msue_portal_id=25643, 13.03.03

5.3 Management structure of support organizations

A support organizations effectiveness is also strongly influenced by the way it is organized and managed. The organizations are analyzed in terms of their goals and their major fields of activity (5.3.1), their hierarchical levels (5.3.2), their financial systems (5.3.3), and their external networks (5.3.4).

5.3.1 Goals, fields of activity and general approaches of the organizations

Goals fulfill various functions for an organization. They target the direction of development and organization and therefore function as a guide for an organization's activities. Goals operate as a source of legitimacy which justifies the existence of the organization, and they operate as a scale to measure the success of an organization or its effectiveness.¹⁵⁵ The following discussion outlines the general approaches organizations take; some aspects of this description are subject to more specific analysis in later sections.

Austria

The fact that Bio Austria is the only (federally organized) organic farmer association in Austria is reflected in the goals of the organization which are very broad and diverse. According to the paper *"Bio Austria – Unser Auftrag und unsere Strategie"*, engl. "Bio Austria – our mission and our strategy" (herein after referred to as "strategy paper"), the overall goal of Bio Austria is to *"support and to further the development of organic agriculture and to positively influence the organic market."*¹⁵⁶ An important instrument to achieve this overall goal is seen in the organization's own production guidelines, which are certified through a label; they are supposed to be the lever for achieving reasonable prices on the market. Support in marketing activities is therefore seen as a contribution to guarantee the economic well-being and survival of organic farmers and, furthermore, to "ecologize" Austria's agriculture.

Bio Austria as the only organic farmer association, thus, speaks for the organic farming sector in Austria in general. The lever to achieve "ecologization" is its impact on the political as well as on the economic environment of the organization. This occurs through the effective representation of interests and activities on the national as well as on the EU level, influencing the market through the pooling of resources, and providing support and services for cooperation partners as well as information for consumers. As stated in a strategy paper¹⁵⁷ of Bio Austria, the main services for the members are: information and extension services, support with marketing issues, lobbying activities on the national and international level (also in cooperation with NGOs and other organizations), and public relations and initiatives with the goal to push organic farming issues and to demonstrate the benefits of organic farming to society. Besides these goals, Bio Austria supports so called *core activities*: definition of the core values, creation of identity and enthusiasm, intensification of extension and support, strengthening of science and innovation in Bio Austria, as well as quality insurance of the Bio Austria products.

¹⁵⁵ Etzioni, 1967, p. 15

¹⁵⁶ Bio Austria, 2007b, p. 2

¹⁵⁷ Bio Austria, 2007b, p. 2

As stated above, marketing activities play a prominent role in Bio Austria today. In the beginning, Bio Austria, or its informal predecessor *Ernte*, did not intend to get involved with marketing, but these activities rather developed over time for the reason that the farmer members had problems in finding markets:

*“We wanted to sell the organic beef and the butchers did not want it, we went to the food retailers and they said: ‘We cannot do that’. We then started with our business and now we are so successful that everyone wants to cooperate with us.”*¹⁵⁸

Bio Austria is set up as a non-profit organization. Revenues are used for funding the multiple activities that the organization carries out, in contrast to organizations in the Midwest aim to generate revenues for their members. At this point, it needs to be pointed out that even though Bio Austria is not returning money to the farmers, the organization is heavily involved in lobbying activities regarding subsidies for the organic farming sector as a whole. In that sense, also Bio Austria is trying to positively influence the revenue of its members, besides the ordinary organic price premiums. These activities, in terms of lobbying and the mentioned marketing activities gained in importance through the formation process of Bio Austria. In the annual report of Bio Austria in 2005 it is stated as:

*“(…) moving from the simple NGO-opposition to the active co-determination, which includes all consequences for the organization.”*¹⁵⁹

After 2005, Bio Austria was still consolidating in terms of changes in its staff and reorganizing its fields of operation. The professionalization of the organization was accompanied by difficult decisions in terms of finances and working areas.¹⁶⁰ It has resulted in diverse foci, while beforehand, the organization was eager to cover all areas as extension, marketing, lobbying, science and innovation, consumer information, etc. These areas are still covered, but partly of different importance now. “*Science and innovation*”, for example, was an operation field on its own in the beginning, while now it is part of the big field “*agriculture*”, which according to one interviewee, is probably not as important anymore as it used to be.¹⁶¹ Also other fields of operation were reduced as for example the activities in the field of consumer information. The process is referred to by one interviewee as follows:

*“On the one hand, you need to have extremely qualified staff out in the single fields of operation, on the other hand, you need to offer a huge list of services for the members and for the market, and, at the same time, you need to economize. That is not easy.”*¹⁶²

HAGEDORN and LASCHEWSKI state, as already mentioned in section 2.1.1 above, that the more active support organizations get in terms of lobbying and marketing through professionalization, the more the organizations move from a service- to a lobbying-oriented organization. This trend can, to a certain degree, also be seen in the case of Bio Austria.¹⁶³

¹⁵⁸ AM1-42

¹⁵⁹ Bio Austria, 2005, p. 7

¹⁶⁰ AE3-102, AE5-86, AF1-27

¹⁶¹ AM4-152

¹⁶² AM4-155

¹⁶³ AM2-157

Michigan/Midwest

As regards the group of marketing cooperatives, the ultimate goal is to market the products of their farmer members, to determine or at least influence food prices and to get a fair return. At the same time, the organizations also devote themselves to the normative principles of organic farming. Organic Valley, for example, states on its homepage that their goal, amongst others, is to “*encourage a farming future emphasizing ecological and economic sustainability*”.¹⁶⁴ As in the Austrian example, holding its own label, which stands for production guidelines that go beyond the national organic standards, is one contribution to this goal. In order to guarantee an unvaryingly high quality of its brand, the organization provides several services for farmers in terms of education. According to one interviewee, the organization does not have a set goal in terms of percentage to reach in the coming years. In fact because Organic Valley markets its own brand, the organization can only bring on new farmer members if the market sales justify it. Nevertheless, an interviewed representative stated:

*“(...) bringing more farms on, converting more farmland to organic, increasing the amount of organic food, that is purchased, that is all part of our ultimate goal.”*¹⁶⁵

Transition payments provide an important incentive to bring new farmers on board. Organic Valley has had a program in place for one year, which provides a lump sum bonus. Under this program, the farmer in transition to organic gets a premium on the specific price for a conventional product.¹⁶⁶

As in the Austrian example, the areas to get involved with are seen by all organizations as based on their institutional surrounding. The necessity of *promotion of public policy, research and education in support of sustainable agriculture* as an example, can be seen with MOFC. Activities in these areas are carried out by more or less all the organizations that were part of this study, but the importance and realization varies remarkably among them (see section 5.5).

Economical sustainability is obviously the main goal that the coops pursue. The “*fair return*” that the organizations seek is achieved by two approaches. First, by getting premium prices for the products that their farmers sell, and second, by having cost share models in place. In the case of Organic Valley, a certain percentage of the profit is shared among farmers, employees and community.¹⁶⁷

Also MOFC and OFARM emphasize pricing. They define a target price that they want to be met. One interviewee declared that it is not always possible to adhere to this target price, but having such a price is a valuable discussion point at the farm level and amongst the buyers.¹⁶⁸ One of the main goals mentioned was to find stable and reliable buyers to assure a constant market activity for the farmer members.

The educational organizations’ goal is to serve “*farmers striving to produce high-quality, healthful food using organic and sustainable techniques*”¹⁶⁹, as MOSES states

¹⁶⁴ <http://www.organicvalley.coop/our-story/our-cooperative/our-mission/>, 10.09.08

¹⁶⁵ MM7-37

¹⁶⁶ MM7-10

¹⁶⁷ MM7-47

¹⁶⁸ MM2-36

¹⁶⁹ <http://www.mosesorganic.org/>, 10.09.08

on its homepage. They try to reach this goal by applying two basic approaches: On the one hand, OEFFA and MOSES organize annual organic conferences, farm tours, workshops and they provide resources and information materials; on the other hand, the organizations, including OCIA, support and encourage farmers to build units, so called “chapters”, to encourage farmers to mentor other farmers. This approach is taken by MSU as well. For the fact that organic farming is quite a new area for the university to get involved with, pioneer farmers function as “organic mentors” as described in section 5.5.2.2.

5.3.2 Organizational structures and hierarchical levels

The structure of an organization has a strong impact on its form of operations, while at the same time, the activities performed affect its structural setup; thus organization structures are an important feature to better understand an organization’s mode of operation. The following descriptions focus on the organizational structures of the support organizations investigated in terms of (i) decision making bodies, (ii) defined working areas, and (iii) legal status.

Austria

Austria is divided into 9 federal states. This federalist structure of the state is also reflected in the organization of Bio Austria. In every federal state¹⁷⁰ there is a separate organizational unit with its own board and its own delegates. Certain responsibilities, such as extension services, are in the hand of the state organizations; the organization at the federal level has only coordinating functions and it serves as an information-point for the states. Coordination between state organizations is achieved by a special body, namely a *platform* by the chairmen of the states’ organizations; in this platform strategies are discussed. The overall decision making body is the *board* established at the federal level. In order to fulfill its management functions, the board receives input from diverse *committees*; the most important one is the committee of the executive directors.¹⁷¹ The individual farmers are represented through *delegates*; per 100 farmers one delegate is elected.¹⁷² The delegates are involved in activities at the federal level and with decisions regarding the Bio Austria organic standards.¹⁷³ Within the states, *plenary meetings* are held where every member has a voice.

Bio Austria is not an umbrella organization in a narrower sense. The farmer members are at the same time members of the state organization and members of the federal organization. Thus, Bio Austria could be seen more as a kind of *network*. The network embraces the members, the farmer associations, which signed a cooperation agreement with Bio Austria, and the organizational structures which have been implemented within this network.¹⁷⁴

In the formation stage of Bio Austria, the goal was to build one single unit that would both represent the organic farming sector to the outside and also act as a unitary entity to the inside, i.e. vis-à-vis the farmers. The type of organization coming closest to this

¹⁷⁰ Bio Austria is divided into 8 state organizations because 2 federal states are administered together.

¹⁷¹ AM1-53

¹⁷² AM1-55

¹⁷³ AE4-28

¹⁷⁴ Bio Austria, 2007b, p. 1

“lean structure” would have been a single organization at the federal level with field offices in the states. This would have implied that the responsibilities of the existing state entities would be transferred to the federal level and, in the end, state entities would be dissolved. As stated by one interviewee, it became clear already in the first stakeholder meetings, that it would not be possible to realize this far-reaching option. Resistance came from various sides: from the farmers, from delegates and from the executive directors of the single state organizations.¹⁷⁵

The defensive attitudes held by many stakeholders can largely be explained by the concept of “*territoriality*”. The managers of state organizations were afraid that responsibilities would be transferred from the state to the federal level and that, thus, individual managers would lose some of their competencies and their status. So, to this day, the state organizations have their own budgets and enjoy great leeway in deciding what actions to take for their farmer members.

Another reason for the reluctance of establishing a unified structure was that in many states the associations were receiving subsidies from the state budgets. By dissolving the state associations and moving the competences up to the federal level, the provincial governors in charge of agriculture (*Agrarlandesräte*) would no longer be ready to give state monies for Bio Austria.¹⁷⁶

Besides those more pragmatic rationales, one interviewee stated that reservations towards centralization were partly due to personal reasons: old enmities within the farmer associations based on different identities that had grown along the years had simply been underestimated. Building one unit would have meant for some associations to give up their *identities*, in the sense of values that people in the respective associations share and which connect the group members among each other.¹⁷⁷ One interviewee explained it the way that especially “*a small farmer association is like a home*”.¹⁷⁸ In the end, only two farmer associations dissolved and completely integrated into Bio Austria; the remaining 12 upheld their formal independence.¹⁷⁹

Today, the stratified structure of Bio Austria is used by its member organizations in a targeted way: Farmers associations use the federal platform for a unified representation of organic interests to the outside, but still keep their independency to the inside. The persons representing their associations in Bio Austria are seen as kind of mediators. They have an ordinary voting right and they are represented in decision-making bodies of Bio Austria mainly on the state but also at the federal level. In some instances, they represent Bio Austria to the outside, for example, in agri-political negotiation committees, “*but on the other hand, they may say: ‘I consider myself as independent’.*”¹⁸⁰ The term *independent* in this connection can be illustrated by one example: When *Ennstaler*, a farmer association which only operates in a small region

¹⁷⁵ AM3-178

¹⁷⁶ AM3-179

¹⁷⁷ By the time the investigations for this thesis were carried out, a tendency of especially one single association was seen to leave the network of Bio Austria.

¹⁷⁸ AM4-62

¹⁷⁹ KOPRA (*Konsumenten-Produzenten-Arbeitsgemeinschaft*) in Vorarlberg and *Die Hofmarke* in Upper Austria (AM4-78).

¹⁸⁰ AM4-80

of Austria, carries out marketing initiatives in a supermarket store, it represents itself as *Ennstaler* and not as part of Bio Austria.¹⁸¹

Content-wise Bio Austria is structured in a rather lean way. The organization has two business areas, *market* and *agriculture*, which are both divided into several subfields. The *market* area is in charge of pooling resources¹⁸² as well as marketing activities in the fields of direct-marketing, wine-marketing and servicing activities for gastronomy and tourism. The *agriculture* area embraces the fields of extension services, quality management in terms of Bio Austria production guidelines, science and innovation, and publication of the Bio Austria magazine. Furthermore activities are carried out in the operating fields of *agricultural policies* in terms of lobbying and *public relations/communications*.

Bio Austria also has “*chapters*” at the local level. These chapters operate independently of the organization at the federal and state levels. Some Bio Austria organizations at the state level provide some support for chapters (e.g. lists with guest speakers that the chapters can invite to their meeting), but the need to form a chapter and to meet must be formulated by the farmers; the organization of the meetings is based on voluntary work. A more focused discussion about chapters is provided in 5.5.2.2.

Michigan/Midwest

As already indicated above, the support organizations investigated in Michigan/Midwest are rather heterogeneous; this also applies to their organizational structures. Marked differences can especially be seen between the group of organizations offering educational services and the group of marketing coops. The associations belonging to the first group (still) have strong features of a social movement (see section 2.1.2). In such a setting it is not unusual that organizations involve advocates beyond farmers. Even though some organizations mainly address farmers, being a farmer is not always a condition for serving on decision boards. OEFFA as an organization founded in 1979, does not only address farmers, but membership is diverse. According to their website¹⁸³, they are: farmers, consumers, gardeners, chefs, political activists, teachers, researchers, retailers, and students. “*We try to have a bit of a diversity*”¹⁸⁴, was also referred to by MOSES, where a few board members are either retired farmers or have been farm advocates for many years, such as extension educators. In contrast to the group of education organizations, the marketing coops are solely served by farmers.

Depending on the size of the organization, sub-hierarchical levels with certain responsibilities, as seen in the Austrian example, also occur in the Midwest. A main difference between the two regions is that in the Midwest sub-division is not based on territorial principles, but rather depends on production types. In the case of Organic Valley, the organization runs different pools:

¹⁸¹ AM4-97

¹⁸² Pooling resources is carried out in the areas milk, meat, grain, eggs and poultry.

¹⁸³ <http://www.oeffa.org/>, 02.02.09

¹⁸⁴ MM4-37

*'Pool' is an old cooperative term for pooling the resources. (...) Pools are groups of farmers; they come together and pool their resources, their equity and their products to run this business.*¹⁸⁵

Organic Valley runs pools in diverse production areas.¹⁸⁶ In the case of dairy, which is the biggest pool, there are 41 sub-regions spread all over the states. The sub-regions consist of a roughly similar amount of farmers each. Each of the pools has an executive committee, consisting of farmers who elect one representative. These representatives, in the case of dairy, meet on a monthly basis on a conference call to talk about issues affecting their responsibilities. They operate as decision making bodies according to their production type. One interviewee states the responsibilities as follows:

*They talk about supply management, about policy development, they talk about what ever issue affect their production area. Their job is to discuss issues that directly affect the farm level. (...) We have a stronger pasture policy than the NOP¹⁸⁷ and that policy was developed in this executive committee. The farmers themselves have direct input upon the policies and the rules of our cooperative. So, that is the way we keep them active and engaged in the coop.*¹⁸⁸

The hierarchical structure of an organization, of course, strongly depends on its size. Since, for example MOFC has only 108 members there are no sublevels of decision making; every member has a voting right. *"One producer, one vote"*¹⁸⁹ is determined in the Capper-Volstead-Act of 1922, which forms the base of organizational structures for the marketing coops. Other principles of the Act are: Farmers have to be active producers and make their marketing decisions on their farm and the organization is not allowed to pay more than 8% on dividends.¹⁹⁰ This act authorizes associations of producers of agricultural products to carry out activities that are excluded from the so called Trust Laws. The Act is referred to as the only law that allows a group of farmers to set their prices under certain guidelines.¹⁹¹

A more differentiated organizational structure, similar to the Austrian example, can be found in the group of certifying agencies. OEFFA and OCIA, for example, have several sublevels and local chapters. The responsibilities of the chapters are to some extent different in the two organizations. In the case of OCIA, the chapter also operates as a field office for administrative certifying issues. OEFFA provides administrative assistance, or chapters may use the organizations non profit status to purchase

¹⁸⁵ MM7-7

¹⁸⁶ Production areas are dairy, produce, pork, poultry, beef, egg, juice and soy.

¹⁸⁷ The National Organic Program (NOP) develops, implements, and administers national production, handling, and labeling standards for organic agricultural products. The NOP also accredits the certifying agents (foreign and domestic) who inspect organic production and handling operations to certify that they meet USDA standards;

<http://www.ams.usda.gov/AMSV1.0/ams.fetchTemplateData.do?template=TemplateA&navID=NationalOrganicProgram&leftNav=NationalOrganicProgram&page=NOPNationalOrganicProgramHome&acct=nop,13.03.09>

¹⁸⁸ MM7-19

¹⁸⁹ MM1-79

¹⁹⁰ MM2-5

¹⁹¹ MM1-75

educational activity materials.¹⁹² Every chapter has its own board; they are obliged to report about their activities to the organization.

5.3.3 Sources of funding

As stated above, the organizations pursue different objectives and are organized in different ways. In addition to that, they also differ in regard to the way they generate financial inputs. The focus of the following description will be on different methods of financing. The possible sources of funding of support organizations can be divided into three main areas: (i) internal, i.e. mainly through members; (ii) external, e.g. via grants; and (iii) through market activities, especially by selling products and services.

Austria

The portfolio of activities of Bio Austria is diverse, and so are its ways of funding. At the federal level, about 30% of the total income comes from the farmer members in terms of *membership fees*. The fee is calculated according to the farming type and the size of the farm.¹⁹³

The largest part of the budget of the federal organization comes from *external sources*. 50% of the budget of Bio Austria is provided by public subsidies and grants that come either from the national level or from the EU level.¹⁹⁴ Bio Austria receives public funding because it operates as a non-profit association, and thus benefits from multiple funding programs.¹⁹⁵ Grants from the federal state typically cover activities in the areas of extension services, public relations, quality management, innovations and marketing.¹⁹⁶ In 2007, 1.4 million Euros were located through the fund for extension services and public relations. Over the last years, shortages of the fund have been experienced. One representative from the Department of Agriculture mentions in that context that the amount of the fund “*depends on the lobbying impact of the Bio Austria and the good will of the Minister.*”¹⁹⁷ Representatives of Bio Austria are aware of the fact that the current situation of high dependency on external financial inputs for carrying out its activities is not “*an optimal situation.*”¹⁹⁸ They advocate the opinion that financial sources need to be diversified.¹⁹⁹

One approach could be to expand its activities on the market. Currently, 12% of the budget comes from *market partners*. At the moment, Bio Austria has 250 partners on the market, with which it forms various types of alliances (see 5.3.1). These activities are supposed to be extended in the future.²⁰⁰

Michigan/Midwest

The sources of funding that the support organizations in Michigan/Midwest draw on vary to a large degree, and there are no clear patterns among and between marketing

¹⁹² <http://www.oeffa.com/chapter-start.php>, 13.03.09

¹⁹³ AM4-38, AM3-38

¹⁹⁴ AM2-179

¹⁹⁵ AM2-169

¹⁹⁶ <http://www.landnet.at/article/articleview/17201/1/5043/>, 03.12.08

¹⁹⁷ AA2-8

¹⁹⁸ AM1-44, AM2-58

¹⁹⁹ AM2-209

²⁰⁰ AM2-207

coops and educational organizations; they all take different approaches. Some organizations obtain their budgets primarily from their *members*. As an example, the members of MOFC pay an annual fee the amount of which, *inter alia*, depends on the marketing activities that the organization carries out for their specific members.²⁰¹

All organizations investigated in the Midwest have one thing in common: they receive no direct *public funding* that is solely dedicated for organic activities. But, there are still some general-purpose public funds available for organic farming organizations. Educational organizations (including researchers at the university) can, for example, apply for grants via a competitive application process. The USDA has, for example, implemented grants for education through the SARE²⁰² program. All educational organizations investigated received some grant funding. In the case of MOSES, the organization obtained 20% of their income in the year 2007 from federal grants.

In comparison to Bio Austria, for most organizations, the largest part of funding comes from marketing activities. The marketing organization Organic Valley generates resources mainly through the marketing their own brand, but also educational organizations, such as MOSES and OEFFA, generate income by offering services in terms of organizing organic conferences and events. Approximately 45% of the income of MOSES is attributable to that source.²⁰³

Another important source of funding, which does not exist in the Austrian case, is that of tapping *civil society*, namely through donors and foundations. All educational organizations investigated provide for potential donors to give money to their organizations. MOSES, for example, states on its homepage: "*Help farmers make the transition to organic farming by giving to MOSES today!*"²⁰⁴ In return, MOSES provides donors certain services, such as newsletters, fact sheets, and the like. MOSES obtains about one fourth of its budget from that source. Also for OEFFA donations are an important source of income. In conclusion it can be said, that the fact that US support organizations are searching for advocates beyond the farm sector and that they are explicitly addressing civil society actors can be interpreted as a general sign that organic farming in the US (still) has rather strong characteristics of a social movement (see section 2.1.2).

Altogether it can be said that support organizations in Michigan/Midwest often have diverse sources of funding but still rely to a large extent on activities on the market, be it through the organization of conferences, the selling of books and brochures or the like. Success on the market is perceived as a necessity to maintain a certain degree of independency from external sources. This can be seen from the following interview statement:

²⁰¹ MM6-13

²⁰² Sustainable Agriculture Research and Education (SARE) Program is a regionally-delivered national competitive grants program that funds farmer-driven, outcome oriented research, education, and outreach on agricultural production practices and market-based initiatives that are environmentally sound and profitable for farmers and ranchers and their communities. This fund is provided by the Cooperative State Research, Education, and Extension Service (CSREES), an agency within the U.S. Department of Agriculture (USDA) (SAC, s.a., p. 3)

²⁰³ MOSES, 2007, p. 3

²⁰⁴ <http://www.mosesorganic.org/donate.html>, 01.02.09

“So we had some core activities that were self-sustaining, irrespective of whether or not we got foundation money (...) or government grants. We still had a core program. (...) I have seen organizations coming to existence and then collapsing because they either did not have enough reserves or they got too big ... assuming that some funder would give money forever. Nobody gives you money forever.”²⁰⁵

5.3.4 Cooperation and networks

“An organization’s effectiveness and success depend heavily on its ability to adapt to its environment, shape that environment, or find a favourable environment in which to operate.”²⁰⁶ The following descriptions will focus on the interrelationships of the investigated organizations with other organizations in their institutional environment. Beforehand, it has to be stated, however, that the following depiction will not (and cannot) provide an exhaustive analysis of an organization’s network of interrelations (i.e. a full network analysis) but it will rather only look on the interrelations that the representatives of an organization perceive as important for them (i.e. an ego-centric network analysis). A special focus is going to be put on the cooperation and networks in the field of *extension service*.

Austria

Bio Austria has, as described in section 5.3.1, stipulated a very comprehensive goal for its operations, namely to ecologize Austrian agriculture. In order to achieve, or at least work towards, that ambitious goal, the organization is reaching out and searching for cooperation among a broad set of actors which are explicitly addressed in its strategy paper as the *“relevant environment and institutions”*.²⁰⁷ Relevant actors come from various social realms, incl. politics, trade, the media, science and other NGOs.²⁰⁸ One interviewee saw it in a temporal perspective as follows: *“On a short-term basis, our partners are agricultural politics and trade, on a long-term basis, our partners are the consumers.”²⁰⁹*

As mentioned in section 5.3.2, Bio Austria is set up as a network that embraces different state entities and different farmer associations. Keeping this internal network active and informed is a challenge in itself. When asking representatives of the management of Bio Austria whom they perceive as important outside this network, the actors most frequently mentioned come either from the field of politics or marketing, with politics always having been mentioned first.²¹⁰ The Ministry of Agriculture was indicated as an *“almost daily partner to communicate with.”²¹¹* Bio Austria interacts with the Ministry in various negotiations, which range from the creation of promotion programs for organic farming (that Bio Austria and the Ministry carry out together) to negotiations about the funding for Bio Austria itself.²¹² As another state entity at the

²⁰⁵ MM4-4

²⁰⁶ Harrison and Shirom, 1999, p. 47

²⁰⁷ Bio Austria, 2007b, p. 4

²⁰⁸ AM1-35, AM2-84, AM4-93

²⁰⁹ AM2-82

²¹⁰ AM1-47, AM2-86, AM4-79

²¹¹ AM4-80

²¹² AM4-79

federal level, the Ministry of Health plays a prominent role for the fact that the organic alimentary codex for organic food lies in their responsibility.²¹³

Besides state authorities, Bio Austria also sustains regular ties with non-state organizations which are described as “a network that needs to be maintained and supervised.”²¹⁴ With some organizations, like political parties or animal welfare groups, Bio Austria maintains only occasional contacts; they are typically addressed in connection with lobbying activities on organic issues.²¹⁵

Another group of actors that is perceived as important are cooperation partners in the field of marketing.²¹⁶ Those partners either process or distribute organic food or fodder. Here, Bio Austria’s task is to bundle resources for the partners. Finally, Bio Austria also cooperates with a number of organizations in connection with their “day-to-day” work. These organizations range from certifying agencies, which also control Bio Austria standards, to the conventional marketing agency (AMA)²¹⁷, with whom Bio Austria carries out promotion activities for organic.

With other organizations, Bio Austria collaborates on a regular and more intensive basis. Groups that play an especially important role for Bio Austria are the associations which represent the interests of conventional farmers (or Austrian farmers in general), that is mainly the agricultural Chambers in the nine states and their federal umbrella organization. The relationship to the Chambers is referred to as “*intensive cooperation which is formally anchored*”.²¹⁸

The degree and quality of interchange between Bio Austria and the agricultural Chambers was described as varying from state to state. In some states, cooperation is more “distanced”, while in other states, the two groups are cooperating quite closely and quite effectively.²¹⁹ In some states, advisors of Bio Austria are even employed and fully or partly paid by the agricultural Chamber.²²⁰ The tight collaboration shall be underpinned by an example from the state of Styria. There, the farmers’ associations (*Ennstaler* and others) and the former *Ernte* association formed an alliance with the agricultural Chamber, a so-called “working group”. All the member entities of this working group form a common “board”, the executive director of which is financed through the agricultural Chamber.²²¹

Besides such tight cooperation models, it is interesting to see that the cooperation between Bio Austria and the Chambers is especially productive in areas with a high proportion of small-scale farms and areas where agriculture is less profitable. It can be

²¹³ AM1-49, AM2-87

²¹⁴ AM2-89

²¹⁵ AM2-90, AM4-95

²¹⁶ AM1-19

²¹⁷ AMA (Agrarmarkt Austria) is legally obligated to promote agricultural marketing. On the one hand, it implements the agricultural commodity support regimes, and on the other hand, it organises the marketing of agricultural products. AMA carries out these functions also for organic farming. AMA is a very important part of agriculture policy in Austria and is therefore often called a “second ministry”. Furthermore, AMA is also responsible for the administration of the Austrian state label of organic products – Austria-BIO – as it seems that the organic farming organisations appeared largely unable to reach an agreement on administration amongst themselves (Michelsen *et al.*, 2001, p. 28).

²¹⁸ AM2-87

²¹⁹ AM3-14

²²⁰ AM1-26

²²¹ AM1-32, AE5-126

hypothesized that in those areas even conventional farm representatives recognize that organic farming is an important method to keep small farms alive.²²²

In general, collaboration with the conventional farming interest groups is of special importance in the field of extension services, as the following illustrative depictions show. In Upper Austria, employees of Bio Austria take over support work for the local chapters and they organize some “basic” educational events such as transitioning courses. However, most educational activities for organic farmers, like e.g. specific programmes for arable crops, are organized through the educational arm of the Chamber, i.e. the LFI (“Ländliches Fortbildungsinstitut”, engl. “Institute of Rural Advanced Education”).²²³ In Lower Austria, about five transitioning courses are offered per year. Some of those courses are held jointly by Bio Austria and LFI, some are held only by LFI, some only by Bio Austria.²²⁴

The underlying rationale for the above-mentioned and other cooperative relationships is varied, but it is always based on mutual benefits. Bio Austria cooperates with the Chambers especially to compensate for a lack of staff and to reach out to potential future organic farmers via the conventional system. What is also important for Bio Austria is to receive information that is only provided to the Chambers. As mentioned in section 2.2.2.2, the Chambers enjoy special privileges in the political arena. One aspect of that privileged position is that the Chambers receive specific information from state authorities, e.g. in the field of subsidies. This type of cooperation is illustrated by the following statements, with the first statement having been made by an extension educator of the Chamber and the second one by an extension educator of Bio Austria:

“It works in both directions. Bio Austria uses our channels, we use their channels. Bio Austria extension educators publish in our Chamber magazine and it also happens that we publish in theirs. Everything depends on the occasion. It works quite well. On the other hand, each organization tries to position itself. Every organization wants to be noticed by the farmers.”²²⁵

“We try to work together as much as possible, as there is also information that we do not have direct access to, such as subsidy-related issues. The Ministry of Agriculture has created a catalogue with the most frequently asked questions regarding subsidies and the appropriate answers. This catalogue is only sent to the Chambers, never to us.”²²⁶

The cooperation in some instances even goes so far that the two organizations are conveying their potential clientele to the partner organization, i.e. some district officers of the Chambers refer farmers who are interested in organic farming directly to Bio Austria and some are referred to the chambers by Bio Austria (e.g. in expertise on subsidies).²²⁷ This is unusual in so far as extension services are an important tool for an organization to bind its members. Strategies to get new members and hold existing ones have elaborately been explained in section 5.4.2.

²²² AM1-19

²²³ AM3-78

²²⁴ AM3-84

²²⁵ AE2-33

²²⁶ AE4-81

²²⁷ AM1- 34, AE1-65

The cooperation between Bio Austria and the Chamber, especially their educational arm, LFI, is partly also “forced” by official funding possibilities. The Ministry of Agriculture allots funds for educational activities in organic farming for so called *qualification projects* (e.g. soil certification courses for organic farmers).²²⁸ Those funds are solely given to organizations which hold an *ISO certificate*²²⁹ for their educational activities. LFI possesses such a certificate. That basically means that Bio Austria has to work together with LFI in order to be able to apply for such funds.²³⁰ The disadvantage of this “cooperation out-of-necessity” is that the Ministry of Agriculture imposes some additional requirements on Bio Austria. The Ministry, for example, sometimes requires Bio Austria to offer educational services to non-members. A Bio Austria extension educator refers to that as follows:

*“It was a condition of the project that we do not differentiate between farmers who are members of Bio Austria and codex farmers. So, they (the codex farmers) got all the services and they could also ask for information and take part in the workshops.”*²³¹

While cooperation with quasi-public extension entities, i.e. the chambers, is quite intensive, cooperation with private consultants or business companies can be described as rather “spotty”. Interactions are mainly restricted to mere information supply, where Bio Austria, for example, provides information regarding the Bio Austria standards, to assure that the farm inputs the organizations supply are compliant with their standards.²³² At the moment, Bio Austria considers intensifying its relations with actors from the private sector, as this could be a way to reduce its high dependency on public funds to carry out extension services. The need for reducing its dependency and for searching for alternative solutions could become more urgent in the near future, when public funding might be reduced. One interviewee from the management of Bio Austria states that one way to solve this problem is to reinforce the educational and extension activities with such private organizations and consultants. The disadvantage of that strategy is that even though such private organizations provide expertise and information, they also have an interest in selling their products at the same time. As a consequence of that the *“actual aims of extension fall behind”*.²³³

Michigan/Midwest

Because not a single organization in Michigan/Midwest was analyzed, but rather a set of seven quite heterogeneous organizations, it was even more difficult than in the Austrian case to get a clear picture of the organizations’ internal and external networks. In the following, some general patterns of networking activities shall be described.

The support organizations investigated mainly had contacts within the “universe” of grassroots movement of the US organic sector, that is, among like-minded actors. Relationships are especially strong among the member organizations of OFARM.

²²⁸ Funds are mainly co-financed by the EU or the states.

²²⁹ The International Organization for Standardization (ISO) is an international-standard-setting body with the aim to create international standards in all areas except for electronics; http://en.wikipedia.org/wiki/International_Organization_for_Standardization, 18.12.08

²³⁰ AM2-182, AA1-25

²³¹ AE5-65

²³² AE1-126, AM3-222

²³³ AM2-148

Members share information about buyers, prices, weather conditions, etc.²³⁴ One interviewee characterized the cooperation in terms of “*mutual support and sharing information and expertise*”.²³⁵ This is of special importance within the member organizations of OFARM, but can also be seen with organizations outside. Organizations help each other out with expertise on how to get a coop started or on expertise on the current organic rules and regulations. Altogether, one gets the impression that the interrelations between support organizations in Michigan/Midwest are very much characterized by sharing information and resources, as reflected in the following statement:

*“Many times when we are working with others, they have more experience of a certain area than we do, or vice versa, so that we draw on each other for experience ... that we discuss with them what worked for them, what did not work for them, or vice versa.”*²³⁶

Cooperation often occurs among similar types of organizations. But sometimes organizations of different types collaborate. One interviewee referred in this respect to interactions with consumer organizations or certifying agencies.²³⁷ Another good case in point for heterogeneous interactions is the cooperation between marketing coops and educational organizations. Marketing coops attend conferences and meetings of other organizations or chapters to mainly inform about their activities as stated below:

*“We have tried to work with the Midwest Organic Sustainable Education Services with some of their meetings. A lot of times where we get involved or get asked to be involved is when producers will come to a meeting (...) and they are looking at the production side of it, but then the next question they have is: ‘How do I market this stuff’.”*²³⁸

The importance for common activities is underpinned by the following statement:

*“I think it takes more than just our organization. I think it takes groups. In Wisconsin, one of the things that really pushed us was the Organic Valley Crop Cooperative. We have been a partner with them since day one. They actually help us get the conference going. The fact that they are an organisation selling products and actually giving farmers a premium is a big push. (...) They, for example, ask us to carry out a couple of workshops for Mastitis control and we ask them to give us one of their best success story farmers and then we might have a training or a workshop or we might put out a factsheet. So it is that working together that is really important.”*²³⁹

In the Austrian case, the conventional and the organic farming sector have been in quite close – though not frictionless – cooperation. In the US case, type and degree of exchange with organizations from conventional agriculture vary from organization to organization. As stated in the interviews, each of the organizations investigated has contact, more or less frequently, with university staff or state officials, e.g. from the Departments of Agriculture in the respective states.²⁴⁰ The reasons why the

²³⁴ MM2-10

²³⁵ MM1-70

²³⁶ MM1-63

²³⁷ MM1-68

²³⁸ MM2-61

²³⁹ MM4-27

²⁴⁰ MM7-38, MM1-102, MM4-65, MM2-48, MM9-32, MM8-82

organizations keep in contact with these agencies are remarkably different from the reasons for the equivalent interactions in Austria. While the interactions between the organic and the conventional sectors in Austria occur on a largely level playing field, the interaction in the US is more lopsided. US associations see the main motivation for those contacts in raising awareness for the needs of organic farmers within those “mainstream” agencies. In this context, it was stated by multiple interviewees that the universities’ receptiveness for organic has changed in the last years;²⁴¹ they are “*slowly moving in the right direction*”²⁴², as stated by one interviewee. Another interviewee states in a similar vein:

*“They are coming on board. In the last 4 years, it has really changed. (...) Because 10 years ago, organic was kind of a joke and it is not anymore. Now they see that it has a pretty big market share. And so one of the things – that’s my philosophy now – has been to encourage government officials ... that this is a part of their role ... that it (organic farming) builds healthy rural communities.”*²⁴³

Similar to Austria, cooperation between support organizations often happens within the field of *extension services*. In contrast to Austria however, the investigated organizations in Michigan/Midwest do not cooperate on a formal basis but rather informally. Their activities in terms of extension can often be described as “networking”, i.e. fostering contacts with other organizations or individuals to exchange information. The rationale for networking activities is, similar to Austria, the expectation to reap mutual benefits, as stated by one interviewee from MOSES as follows:

*“Another part of my goal is to make sure that nobody is reinventing the wheel, that we are learning from each other and that we are sharing resources. So, especially if I get a government grant to do an organic resource directory, I make sure that every other organization in our region has copies of that directory. I try to be proactive in reaching out.”*²⁴⁴

Networking is partly also driven by mere necessities. Because the organizations have limited resources in terms of extension (see section 5.5.2.1), the organizations mainly try to provide at least some “*basic information*” by themselves and, beyond that they refer their clients to other sources of expertise who very often are other organizations within the organic sector, single researchers, private businesses or consultants.²⁴⁵ An interviewee from Organic Valley states:

*“There are certain organizations that (...) we work with and that we recommend to our farmers. For instance, there are companies out there which are specialized in organic and biological soil and soil building programmes. So, rather than having our own soil scientist on staff, what we typical would do is provide our farmers with the basic information and then have the contact information than they need to go to these specialists that can help them specifically with finding health products or seed sources or whatever they need.”*²⁴⁶

²⁴¹ MF4-85, MM1-43

²⁴² MM7-55,

²⁴³ MM4-60

²⁴⁴ MM4-22

²⁴⁵ MM4-28, MM8-38, MM1-49, MM9-29

²⁴⁶ MM7-14

Compared to Austria, private consultants and business companies are of greater importance in Michigan/Midwest. Farmers seek support from such sources often in connection with the purchase of products, such as fertilizers or organic fungicides.²⁴⁷

MSU also reaches out to professional consultants and representatives of agrobusiness, e.g. via workshops. They are perceived as multipliers of MSU research for the fact that they have their own networks.²⁴⁸ Consultants take part in courses provided by MSU; they are very active in sharing knowledge and expertise with MSU researchers, and are also involved in projects, such as applied research plots.²⁴⁹

Researchers at MSU are somewhat concerned about those contacts because often the products offered by such organizations have not been tested scientifically and their effects have not been proven.²⁵⁰

5.4 Support organizations and their members

While on a socio-political level the mission of organic farming associations is to support and further develop organic agriculture, associations also fulfill internal functions, esp. vis-à-vis their members. The following descriptions aim to first describe the types of members (5.4.1), second, to analyze the strategies that organizations pursue to get new and hold existing members (5.4.2), and third, to describe the relationship of membership and the free-rider problem (5.4.3).

5.4.1 Types of members

The organizations investigated have different types of members. The classification of members can be done along a number of criteria, including: (i) farming type; (ii) type of ownership; (iii) value system and ideology; and, (iv) level of professionalization etc. In the following, support organizations in Austria and Michigan/Midwest are analyzed by these categories.

Bio Austria

As already discussed in section 5.3.2, Bio Austria operates as a kind of “network” that tries to balance diverse structural components, such as different farmer associations and different organizational structures at the state level of Bio Austria. Besides the challenge of having to operate within a complex organizational structure Bio Austria also has to balance the different interests of rather heterogeneous types of farmers. First, farmer members operate different farm types, ranging from dairy farmers in less favored or mountainous areas to crop farmers in favored areas. As a consequence of that, Bio Austria has to represent heterogeneous interests:

“That is the oldest conflict that we have: The dairy farmers want cheap organic fodder and the crop farmers want a high premium price.”²⁵¹

²⁴⁷ ME4-97

²⁴⁸ MA4-37, ME7-87

²⁴⁹ MA2-41, ME2-75

²⁵⁰ ME3-93, ME4-56

²⁵¹ AE1-59

Besides discussions about prices, the existence of different farming types within one association also creates difficulties in negotiations about the Bio Austria standards. One interviewed crop farmer that is acting as a delegate at the state level stated:

“When we negotiate about the regulations, it is difficult for me, since I am a crop farmer without livestock, to decide whether cows should have horn or not. I do not know what is better for them; I cannot make these decisions.”²⁵²

The management of Bio Austria is well-aware of this problem. In the future, conflicts of that type should be mitigated by setting up expert committees for specific farming types.²⁵³

As already mentioned in section 5.3.1, a goal of Bio Austria is to create *identity* and *enthusiasm* among its members. Several times during the interviews, especially with representatives from the management, the values of the organization have been mentioned and their importance has been stressed. A strategy paper speaks of values as the “central base of organic farming” which should be encouraged; members and partners of Bio Austria should feel obliged to these values and they should adopt them to their daily work. Bio Austria explicitly upholds the following key values: *ecology, dignity for animals, fairness, “food culture”, quality of life*, as well as *science and innovation*.²⁵⁴ These quite abstract values are not only presented in glossy brochures but they were also frequently addressed in the interviews, as this statement from a management representative shows:

It is really important that the organic farmers conceive themselves as a community with shared values. We say that very honestly (...) everybody needs to reflect whether these values are also valid for him or herself. We really want to enhance organic farming in terms of ecology. We want better animal husbandmen. (...) We want fairness; not only fairness to the nature and the animals, also fairness in the interpersonal relationships with the partners and on the market. We also want innovation and we want a special food quality. Everybody needs to think about that and not only if they get the subscription of the Bio Austria magazine cheap or not. We do not aggressively solicit new members, because we want the values to be lived and we want people to be enthusiastic, that they say: ‘That is a community I want to be member of.’²⁵⁵

This statement could be interpreted in the sense that the values do not necessarily come from the basis of the organization, i.e. the farmers; otherwise the management would not see a necessity to strongly thematize and communicate them. As described in section 4.3, the development of organic farming in Austria was characterized by different phases. The “pioneers”, that is those farmers who have been farming organically for a very long period, are typically strongly committed to the “organic values”. Today, they are still members of Bio Austria, but they are often not very much

²⁵² AF1-39

²⁵³ AM1-82

²⁵⁴ Bio Austria, 2007b, p. 1f

²⁵⁵ AM4-106

involved anymore.²⁵⁶ One extension educator of the eastern part of Austria estimated that there are about 20% of farmers in his state whose main incentive is idealistic.²⁵⁷

In contrast, the farmers who have converted to organic farming and have joined the organization only in recent years, are not so much driven by normative value commitments but by more pragmatic, often purely economic motives. These temporal patterns can mainly be explained by the availability of subsidies. The massive increase in subsidies for organic farming by the mid 1990s (see section 4.3), provided the incentive for individual farmers to join, and with that the overall membership structures of Bio Austria have changed. The newer generation of farmers very often gets involved because of subsidies; they do not necessarily share the ideology of organic farming.²⁵⁸ When joining Bio Austria, they are mainly interested in getting access to, and using the services of the organization.²⁵⁹

The degree of value-commitment is, however, not the only relevant factor when looking at the reasons for farmers to join, but also when analyzing the reasons for farmers to continue organic farming and to stay in the association in the future. One extension educator interviewed estimated that a certain portion of organic farmers would immediately reconvert to conventional farming as soon as organic prices are lower than conventional ones. Others would stay until organic prices were approximately 10% lower than conventional ones and would then drop out; while a third group would never reconvert to conventional agriculture, no matter what the prices are.²⁶⁰

However, the value types described above cannot be seen as rigid categories. There are, of course, intermediate types and value commitments are susceptible to change over time. The interviewees gave examples where conventional farmers once farming organically for a while also exposed themselves and eventually became committed to the ideology of organic farming.²⁶¹ Nevertheless, tensions between “value-oriented pioneers” and “pragmatic subsidy optimizers” still occur and they are especially prevalent in the negotiations about the regulations. Here, the value-committed typically call for strict standards while the subsidy-motivated farmers tend to have an interest in alleviating the Bio Austria regulations. The following example on the question of whether certain by-products from the manufacturing of conventional sugar-beets should be eligible for use as manure in organic farming demonstrates this point. One pioneer farmer sees this discussion as an indicator of the change that has been happening within the organization, namely one towards the professionalization of the organization and towards operating on a broader market:²⁶²

“I remember meetings where delegate discussed what inputs should be allowed. For me it was quite clear: If I am led by ideological principles it should be unimaginable using conventional inputs. (...) I guess those are the concessions that you have to make if you want to have as much land farmed organically as possible and if you want

²⁵⁶ AF2-37

²⁵⁷ AE4-23

²⁵⁸ AF2-38, AE4-18, AE5-21

²⁵⁹ AM3-27

²⁶⁰ AE4-106

²⁶¹ AE4-105, AM4-110

²⁶² AE5-109

*to serve a broad market, where you need certain quantities otherwise BILLA²⁶³ might buy its goods from other countries.*²⁶⁴

In addition to production types and degree of value-commitment, farmer members can also be categorized in terms of dedication of time and engagement:

*“The ‘professionals’, are the ones who farm with a lot of engagement and relatively high input of time. They are the ones that specialize on something. They still want to farm in the next 10 years, they decide what branch to focus on and also invest in it.”*²⁶⁵

On the other hand, there are farmers who farm their land with low input of time and resources. For them farming is typically not the main source of income and it is highly unclear whether they will continue farming for the next years. Their decision to stay farmers for the future probably strongly depends on how the subsidy scheme is going to look like after 2013, i.e. the reform of the EU Common Agricultural Policy (CAP).²⁶⁶

A last possible criterion to categorize farmers is the *type of ownership*, meaning family farms versus industrialized agribusiness. Compared to the US context, this criterion is not relevant in Austria. Agri-business does not play a big role in the Austrian agricultural landscape. A kind of segregation can rather be seen between small and big farms within the category of “family farms”.²⁶⁷

Michigan/Midwest

The members of the organizations investigated in the Midwest are more homogenous than those in the Austrian case study. Within the group of marketing coops, each organization has so far focused on a certain produce: MOFC mainly on the marketing of grain and Organic Valley mainly on dairy. Nevertheless, over the last years, the coops have expanded their product range. Organic Valley still addresses the different farming types in a quite targeted way by running different “pools”. The formation and operating principles of pools have already been mentioned in section 5.3.2.

While there are agri-businesses in Michigan/Midwest, in contrast to Austria, organic farming associations – especially the marketing coops – still mainly want to address *family farms*. One interviewee stated it like this:

*It really has always been one of our goals to keep family farms viable, profitable and sustainable.*²⁶⁸

The focus on family farms and their survival is of great importance because their agri-business competitors are important players on the US agricultural landscape. Especially in organic farming, over the last decade agri-businesses have become more involved in organic farming, as seen especially in California.²⁶⁹ The term *family farm* relates to the type of ownership and not necessarily gives information about the type of

²⁶³ BILLA is an Austrian supermarket chain which was the first to sell organic products in its outlets in 1994.

²⁶⁴ AF2-49

²⁶⁵ AM3-37

²⁶⁶ AE4-23

²⁶⁷ AM1-94

²⁶⁸ MM7-39

²⁶⁹ cf. Guthman, 2004

farm management or size. It is stated that even though the farms are family owned, the acres range from 1-2 acres up to “a couple of hundred acres”.²⁷⁰

In terms of *ideological* motives and incentives, organic farmers in Michigan/Midwest are far more homogeneous than their Austrian counterparts. This has probably to do with the fact that there are no subsidy payments, besides Organic Valley offers some transition payments. With the lack of financial support, the organic sector has remained small, with farmers “converting” to organic mostly out of ideological reasons and not for economic motives.

Nevertheless, interviewees can still see some identifiable differences between farmers who take organic farming “seriously” (this term suggests certain ideological commitments) and farmers who just operate at the lower end of organic regulations, in the sense that they just take basic efforts in order to be (and stay) certified.²⁷¹

Even though the motives of organic farmers are rather homogeneous, one can still see a certain development over time, as stated by one interviewee:

*“Organic used to be thought as of hippies but now we have moved past that. Most people we work with are no hippies, they are regular rural people that care about the environment.”*²⁷²

5.4.2 Strategies to get new and hold existing members

MICHELSEN²⁷³ states that the growth of organic farming in terms of the individual decision to convert to organic is based on the cumulative impact of the farmers’ decision. Bringing new farmers into organic or bringing already existing organic farmers into the organization is of great importance for the respective organizations. In the following, the different approaches and efforts to find new members that support organizations in Austria and Michigan/Midwest are discussed.

Austria

With its heterogeneous membership, Bio Austria uses various strategies to address potential or actual members with extension services and information campaigns playing an especially prominent role.²⁷⁴

*“Extension is an incredibly important pillar. If I want to bring on more conventional farmers on to organic, than I need to focus on extension. That means I need to carry out an extension initiative for that. That is definitely a core activity of the extension services.”*²⁷⁵

A first goal of Bio Austria is to win over conventional farmers to organic production. When addressing conventional farmers, Bio Austria often cooperates with the Chambers of Agriculture. Even though Bio Austria covers farmers of all production types, the “attraction” of new farmers does not happen in an indiscriminate way,

²⁷⁰ MM1-93

²⁷¹ MM9-41, MF5-46

²⁷² MM4-46

²⁷³ Michelsen *et al.*, 2001, p. 5

²⁷⁴ AM3-16

²⁷⁵ AM4-116

instead the organization orients its activities towards the current market situation. If the market demand for certain products is high and cannot be met by the current level of production, then Bio Austria carries out so-called “Bio-Offensives”, that is initiatives especially geared to this type of production.²⁷⁶ This is, *inter alia*, done by informational events in the states in cooperation with the agricultural Chambers. For those events, often the existing information system of the Chambers, which gives direct access to conventional farmers, is used. In addition to those cooperative efforts between Bio Austria and the Chambers, the Chamber also carries out marketing for the conversion to organic on their own.²⁷⁷

Once conventional farmers have been won over to organic farming, Bio Austria faces another challenge, namely convincing those new organic farmers to become members of the association. The main route for addressing new members is through so called “transitioning courses”. Organic farmers who want to obtain payments for organic production through the ÖPUL programme (see section 4.3), are obliged to attend such courses. These courses are held by Bio Austria in cooperation with the Chambers (see section 5.3.4). Those courses serve as a good way to approach organic farmers and to convey the advantages of a membership with Bio Austria.²⁷⁸ Because these courses are often held by extension educators, they also fulfil an important additional function, i.e. allowing the new farmers to become acquainted with the extension educators and their work. Representatives of Bio Austria see this system as an important way to tie potential members to the organization.²⁷⁹

Finally, another strategy used by Bio Austria to attract and bind new members involves the distribution of informational material. Codex farmers, i.e. farmers who just converted to organic and are not members, receive certain information, such as written bulletins, for free for a certain period of time.²⁸⁰ One extension educator referred in that context to a “*fight for every member*” once a contact has been made through the transitioning courses.²⁸¹

Michigan/Midwest

The challenges that support organizations in Michigan/Midwest face in addressing new members are more or less the same as in Austria, but the procedures are quite different. First, cooperation with actors from conventional agriculture does not happen on the same level as in Austria. Conventional networks are used, but in a different way. Some organizations participate in traditional farm shows, conferences and expos either through cost sharing or by attending as guest speakers to present their organizations and to distribute information about organic farming through bulletins and information material.²⁸² This is described by a representative of OFARM as follows:

²⁷⁶ AM3-141, AM4-118

²⁷⁷ Current production groups to address are for example pork or fruit farmers, where there is a high market demand (AM3-141).

²⁷⁸ AM1-17

²⁷⁹ AM3-48, AE4-89

²⁸⁰ AE4-108

²⁸¹ AE4-109

²⁸² MM4-4, MM2-14, MM7-8

*"In most of the states where our member orgs have a conference, we are involved in some way to help them support the advancement of organic farming. We do sponsor some of the organic farming conferences, like the Upper Midwest Organic farming conference. I was just at that planning meeting. We have not recently, but we do some grower meetings (...) to encourage more producers to get involved in organic production; that is through the local groups."*²⁸³

Besides addressing meetings of various kinds, support organizations use farm field tours and on farm visits, but also direct mailing to selected farmers.²⁸⁴ Many times, the activities mentioned are demand-driven, that is guided by marketing possibilities, as noted by a representative of OEFFA:

*"Since shortly, we have an organic educator. The plan is that he goes out to conventional trade groups and talks about organic. We are getting requests more and more from conventional farmers, especially by fruit and vegetable farmers."*²⁸⁵

The approach taken by Organic Valley is slightly different because this marketing coop reaches out to areas where logistics, such as processing facilities, do exist. As a consequence, bringing on new members is justified by sales:

*"When people who are interested call, we ask if they know others who also might be interested in organic. (...) A lot of times we would hold a meeting or we would advertise in the local papers and talk about this opportunity ... to learn about organic and essentially trying to get a core group of maybe a couple of farmers that have some interest in the transitioning at roughly the same time ... so we can have the volume necessary to justify a truck."*²⁸⁶

In the case of Bio Austria one could see that the organization is increasingly orienting its "recruiting activities" to special types of production. In the US, this can be seen with Organic Valley. The above-mentioned field representatives play a key role in recruiting new farmers by certain production types:

*"The regional field staff keep in tune with the opportunities and the needs in their particular area of coverage. So if we are actively looking for milk or for another product in that area (...) we work with that field coordinator to identify the correct newspapers, media outlets and things like that."*²⁸⁷

The need to adjust activities to production types can also be seen in the case of feed. Organic Valley has its own feed department which is supposed to help transitioning and member farmers in meeting their organic feed needs. They also have a grower pool, which is actively recruiting feed and forage growers to join the coop to supply dairy farmers.²⁸⁸ According to one representative from MOFC the challenge of getting farmers to join the coop is in the first place the problem of getting farmers to convert to organic. A huge problem in that case is the fact that the US does not have, at least for grains, a market for transitioning crops as compared to the case of Canada.²⁸⁹

²⁸³ MM2-55

²⁸⁴ MM1-27, MM7-8

²⁸⁵ MM9-11

²⁸⁶ MM7-4

²⁸⁷ MM7-77

²⁸⁸ MM7-11

²⁸⁹ MM2-62

5.4.3 Membership and the free-rider problem

The following section describes the problems and challenges organizations face in terms of the so called free-rider problem. The section also discusses the strategies used to escape this problem (see section 2.2).

The nature of the free-rider problem

The theory of collective action as elaborated by Mancur Olson (and as described in detail in section 2.2.2.2), *inter alia*, points out that associations typically face a so-called “free rider problem”. The successful representation of interests, be it via-à-vis political actors, be it on the market, represents a “public good” (see Table 1). As soon as this public good is provided, there is no way for the association to exclude non-members from also utilizing this good, i.e. from drawing private benefits from successful interest representation. This dilemma can be seen especially with an organization like Bio Austria which operates as an organic farming association for the whole country. The benefits of Bio Austria’s public relations and lobbying activities do not only accrue to its members but to the Austrian organic sector in general. Representatives of Bio Austria seem to acknowledge and accept this broader function as the following statement indicates:

“If we negotiate the new ÖPUL program or the programs for rural development with the Ministry of Agriculture, we really need to think about Austrian organic agriculture as a whole. (...) Mentally, we carry them [Codex farmers] with us. That is why we boastfully say that we are the ‘organization of Austria’s organic farmers’ (...) for the fact that the organic farmer that is not organized in an organization does not have any advocacy group.”²⁹⁰

Another interviewee, however, adds that this system only works as long as the number of members and non-members is somehow “*in balance*”.²⁹¹ So, also for Bio Austria the recruitment of new members is of vital importance.

As already described in section 2.2.2.2, associations can escape the free rider dilemma (at least to a certain extent) by means of three different options: (i) by requiring mandatory membership; (ii) by providing selective incentives; and, (iii) by binding members through value commitments. The following sections describe whether and how those three strategies have been realized by organic farming associations in Austria and Michigan/Midwest. This chapter closes with some observations on the importance of socio-cultural factors to explain group membership.

Mandatory membership

The most direct and effective way an association can assure that its members support the work of the association is by requiring members to join and stay with the association. This calls for rather demanding requirements, such as legal provisions that give associations the right to bind their members. In that case, members cannot freely choose of whether they want to become members of an association, but they are rather forced by law. This regime is found in Austria, but not in the US. The Austrian

²⁹⁰ AM4-98

²⁹¹ AM1-50

Chambers of Agriculture are self-governing corporate bodies in public law with compulsory membership for all Austrian farmers. For the organic farming sector *per se*, there are no provisions for mandatory membership, not even in Austria.

If there are no mandatory membership requirements, one has to ask what incentives farmers perceive when deciding whether to join an association. SCHWARZ differentiates between three types of regimes²⁹²: facultative-voluntary, essential-compulsory, and – as already mentioned – legally-mandatory.

Facultative-voluntary accession can typically be found in cases where the members do not depend on the membership for any existential reasons. Members are, and feel completely free to choose whether they want to become members. This type of regime can be found with organizations like OEFFA where the members join predominantly for idealistic reasons.

In an *essential-compulsory* regime, the services provided by an organization are perceived as a major benefit for (potential and actual) members. Members join and stay since the loss of benefits would be a (sometimes existential) threat for them. For the support organizations investigated, this situation could be seen especially with Bio Austria and the marketing coops. Their market expertise and influence gives members a strong (economic) incentive to join those associations. Members decide to join mainly for pragmatic, viz. economic reasons.

While the above discussion has focused on the question of what incentives farmers perceive when deciding to join an association, one can also change the perspective and ask whether and how associations can restrict membership. In general, associations have three different options for regulating members' access:²⁹³ open, selective and closed membership. Both theoretical arguments, as well as empirical evidence, indicate that the membership strategy that an association takes closely correlates with the degree of organization that an association seeks.

- Associations with *open* membership do not have discretionary procedures for accession, but accept members as long as they fulfill the basic requirements (e.g. production in accordance with organic standards). This type of rule is found especially in associations which aim at a high degree of organization. Open accession rules can be found with Bio Austria and the organizations in Michigan/Midwest.
- *Selective* accession rules can be found typically with associations in which the degree of organization is of less importance. In this case, organizations are either satisfied with the number of members that they have, or they want to choose new members selectively based on strict criteria. In Bio Austria, at the state level existing members can vote on the acceptance of new members and, thus, can for example prevent the membership of so-called “black sheep”, i.e. farmers who might tend to cheat on the rules.²⁹⁴
- Organizations are *closed* if they do not accept new members at all, or require the unanimous decision of the present members. Organic Valley is, to some extent, a

²⁹² Schwarz, 1984, p. 93

²⁹³ Grochla 1959, Schultz 1968 in Schwarz, 1984, p. 92

²⁹⁴ AE4-110

case in point. As this organization solely operates on the market, it only brings new members on board if the market demand and sales justify it.

Selective incentives for members

Another option to bind members, often chosen by associations, is by offering selective incentives. Incentives are selective if they are accessible only for members, and if non-members can be excluded. One finds a number of examples for this strategy, both in Austria and in Michigan/Midwest. Most of the support organizations investigated offer some services, like extension or marketing, only to their members. The provision of those “exclusive” services is also actively communicated to both existing and potential future members. One representative of Bio Austria mentioned, for example, that the organization is constantly challenged to present and promote its services and activities and also to develop new services, such as new educational programs, to keep the farmers as members²⁹⁵:

„The farmers pay us, therefore, we need to carry out certain activities. We do that so that they stay with us ... and that new ones join.”²⁹⁶

A special form of selective incentives is *price differentiation*. The marketing coop MOFC, for example, provides services for all farmers who are interested; also non-members can use the marketing facilities of the coop. However, differentiation is achieved through prices: MOFC members pay lower fees for the services provided by the organization than non-members. In a somewhat attenuated form this strategy is also applied by Bio Austria where non-members pay a higher fee for educational events.

The strategy of providing selective incentives has limits. It does not work if an association is in strong competition with other associations or market partners. Bio Austria has increasingly faced this kind of situation in recent years. The number and volume of organic products sold via supermarkets has sky-rocketed in the last few years. Some supermarket chains have created their own organic brands. As a consequence, the supermarket chains perform a dual role: On the one hand, they are attractive cooperation partners of Bio Austria; on the other hand, they are also competitors for the association (competing both for consumers and for farmers).²⁹⁷ One supermarket chain has acted in an especially “pushy” way by directly contracting with individual organic farmers and thereby preempting Bio Austria. One interviewee even speculated that this chain is “*trying to destroy the association landscape*”²⁹⁸. Bio Austria representatives fear that the “deviant” farmers might get better prices only in the first years, but then the chain would play off the farmers against one another and consequently lower the prices.²⁹⁹

An example similar to the one in Austria can also be found in the Midwest with members of OFARM. A study about OFARM, respectively group marketing, carried out by Iowa State University comes to a similar conclusion:

²⁹⁵ AM3-31

²⁹⁶ AE4-73

²⁹⁷ AM1-93

²⁹⁸ AM1-102

²⁹⁹ AE4-90, AF1-93, AM1-103

“The burgeoning market encourages farmers within the cooperating organizations to bypass the cooperatives in order to market to the deep-pocketed corporations now getting involved in organics.”³⁰⁰

For both areas, Austria and Michigan/Midwest, it remains to be seen how organic farming associations will react to the new challenges of “conventionalization” of the organic farming sector.³⁰¹

Binding members through value commitments

A third strategy that associations can use to circumvent the free rider dilemma, besides mandatory membership and the provision of selective incentives, involves giving their members a common “identity” and conveying ideological ideas. Creating and addressing common values is a way to tie members to an organization (see section 2.2.2.1). Chapters, as the smallest unit of organic support organizations, play an important role in the intermediation of such values. SCHWARZ refers in this context to “*socio-emotional incentives*”. The outspoken communication of its “bio standards” by Bio Austria can be seen as another case in point. Bio Austria actively communicates its standards – and the ethical principles underlying it – to its members, to cooperation partners and to the broader public thus hoping to build a common identity around “bio”.³⁰²

Socio-cultural factors of membership

The above results and interpretations have shown that Olson’s theory of collective action has quite high explanatory power when trying to make sense of the strategies pursued by organic farming associations in Austria and Michigan/Midwest. On the other hand, the empirical study also provided some instances where collective action, or the lack thereof, cannot be explained by this theory. Especially the observed reluctance of US farmers to join associations can probably be better explained – or at least understood – by looking at socio-cultural factors. For more details on the status and roles of interest groups in different political cultures see section 4.2.

A lot of farmers do not join marketing coops even though that would give them better access to markets and even though that could save them money because the fees for members are lower than those for non-members (as described above). Two interviewees, a coop manager and an organic farmer, provided similar explanations for that phenomenon.³⁰³ Both were referring to the fact that farmers in US are very much used to do things on their own:

“A lot of farmers are very independent. It is just their lifestyle, the way they do things. They are very self-reliant and very much self-responsible (...) because they had to be farm managers and financial advisers, they had to do all that stuff for themselves.”³⁰⁴

One interviewee from OFARM referred in that respect to the (above mentioned) study carried out by the Leopold Centre of Iowa State University.³⁰⁵ This study firmly

³⁰⁰ Ginder *et al.*, 2006, p. 60

³⁰¹ MM8-63, MM6-65, MM7-91, AE5-101

³⁰² AM2-196

³⁰³ MF2-77, MM1-94

³⁰⁴ MF2-78

emphasized that carrying out activities in a cooperative group and using network marketing would be a big advantage for individual farmers. This study especially showed the specific advantages that farmers could derive through the actions of OFARM, such as higher prices for commodities. OFARM, of course, was eager to use this line of argumentation in their interaction with potential and existing members as one interviewee explained:

“Basically we use that [survey] because of the fact that farmers are rigid individuals, very independent minded. We keep on having to put the message out there that they can actually improve what they get, for what they market, by doing it in group marketing and having information that is generated as part of a group, than they can individually. But that is very difficult for farmers to understand. They are so used to trying to do things on their own. So, to get them to cooperate with each other is a huge step.”³⁰⁶

These statements are underpinned by the “*Fourth National Organic Farmers’ Survey*” carried out by the Organic Farming Research Foundation (OFRF) in Santa Cruz, California, in 2004. This report is a survey of quantitative characteristics about organic farming based on responses from organic farmers across the US. One question was on the information or services that would have the greatest positive effect on the economic sustainability of the respective organic farming operation. The most frequently chosen categories were: education of consumers about organic food and farming (26%) and organic market access, development and expansion (14%). The added value of collective action is, however perceived as low: Only 4-6% of the farmers surveyed named cooperative development, organizations and networks and the representation on public policy issues as an advantage for their operations’ success.³⁰⁷

The observed preference of Midwest farmers to stay independent rather than to join forces in collective action can – at least partly – be explained with the general values of American citizens and the overall political culture of the US (as mentioned in section 5.4.3). US farmers’ reluctance to bind themselves in and by associations perfectly resonates with the key “American values”, such as individualism, liberty and economic competition.

In contrast to their US counterparts, Austrian (organic) farmers show a strong inclination to form and to join interest groups. That can also be tied back to socio-cultural and historical factors. The system of “Chambers”, as legally-mandatory interest groups, has a century-long history and is perceived as a landmark of Austrian society. As a consequence, Austrian organic farmers are used to and inclined to join interest groups.

5.5 Functions of support organizations

The above section emphasized that associations have to provide selective incentives in order to attract new and bind existing members. In this section the rather general category of “incentives” will be analyzed more specifically and in greater detail. For that, the concept of “functions of support organizations” shall be used. In the following,

³⁰⁵ cf. Ginder *et al.*, 2006

³⁰⁶ MM2-23

³⁰⁷ Walz, 2004, p. 79

the three most important functions will be focused on; these are lobbying (5.5.1), marketing (5.5.1), as well as extension and education (5.5.2).³⁰⁸

5.5.1 Lobbying

Support organizations in both countries are more or less actively involved in lobbying, i.e. in the representation of organic farmers' interests towards policy makers and actors in the market. The following descriptions focus on three aspects: (i) on the organizations' motivation to carry out lobbying; (ii) on the extent of lobbying activities; and, (iii) on the legal requirements to carry out lobbying.

Austria

Austria takes the lead within Europe as regards the percentage of organically farmed land. Austrian policy makers therefore like to refer to Austria as "organic country No. 1".³⁰⁹ HÄRING and DARIO³¹⁰ assume that organic farming is somewhat instrumentalized by Austrian policy makers to build a good, "green" image of Austria, while at the same time, organic farming is still marginalized within Austrian agricultural policy. Therefore, the overall strategic goal of Bio Austria is to enshrine organic farming as the general reference model for Austria's agricultural policy.³¹¹ One important step in that direction is to ensure and, ideally, expand the allocation of state funds for the organic sector. As stated, 50% of the budget of Bio Austria is provided by public subsidies and grants that come either from the federal or the EU level. Bio Austria is eager to maintain the level of funds given towards the organization and its activities.

The importance of lobbying activities for the organization is reflected in its staff. Bio Austria employs one lobbyist to carry out lobbying activities for the farmer members on the national and international level. This lobbyist frequently collaborates with other NGOs (like, for example, animal welfare groups) and with political parties.³¹²

According to the annual report of Bio Austria, the main efforts in 2007 were the negotiations on the new ÖPUL regime, the new Organic Standards on the EU level and changes in the Austrian food-Codex for organic animal husbandry.³¹³ Several interviewees mentioned that the role of organic farming associations in the ÖPUL negotiations has changed remarkably since the unification of the fragmented association landscape and the formation of Bio Austria.³¹⁴ Bio Austria now is an active participant in those venues. The importance of Bio Austria in the process shall be illustrated by the following statement:

"I think we achieved a lot in the new ÖPUL 2007-2013 discussions, even though the monetary support has decreased in the new program. But that is agricultural lobbying, that is back-breaking work. But we are at least a respected partner there [in the negotiations]. Even though we are under private law, we are asked for expertise. We

³⁰⁸ For pragmatic reasons other functions of support organizations, like e.g. science and innovation, have not been analyzed in greater detail, and are therefore not part of this report.

³⁰⁹ <http://lebensmittel.lebensministerium.at/article/archive/8135>, 01.02.09

³¹⁰ Häring and Dario, 2004, p. 11

³¹¹ Bio Austria, 2007b, p. 6

³¹² AM2-83, AM1-64

³¹³ Bio Austria, 2007c, p. 12

³¹⁴ AM1-74, AM3-67, AM2-84

*now also receive the legislative proposals for expertise. (...) How much we achieve ... that differs; it varies from zero to one hundred.*³¹⁵

The unification of Bio Austria brings advantages, as expressed by a stronger performance in negotiations with the Ministry of Agriculture and with other political actors:

*"In political negotiations you can only prevail against the conventional side through a unified appearance. Because they are strong, the Austrian Farmers' Federation (Bauernbund)³¹⁶, the Chambers, they are extremely strong ... even though we are a lot of organic farmers. Being unified is the only chance for us to have an impact."*³¹⁷

The professionalization of the organization also poses new challenges. With political lobbying being a rather new field of activity for Bio Austria, the organization first had to learn how to represent its interests on the political stage in the most effective way:

*"First, it is necessary to grow into such a new area. In the field of agricultural politics, we have made such an experience. They have led us up the garden path, because we did not know the rules of the game. Those rules are nowhere written down. You cannot learn them from somewhere. You can only learn them through experience."*³¹⁸

Lobbying activities are a permanent challenge but they are especially important at the moment, because the ÖPUL negotiations for the period after 2013 have already started. It is to be expected that the subsidy payments for the organic farmers are going to be reduced and newly structured.³¹⁹ In this context, Bio Austria unfolds lobbying activities both at the national as well as at the EU level. Bio Austria's lobbying strategy on the EU level is to emphasize the accomplishments of organic farmers for various societal goals, such as mitigation of climate change, environmental protection, food quality and the like.³²⁰

Michigan/Midwest

In Michigan/Midwest, the need to carry out lobbying can be seen in all organizations investigated. The level of lobbying is mostly referred to as *"we do some"*. The necessity to get involved in lobbying activities evolved over time especially due to the fact, that the USDA got involved in the field of organics³²¹, expressed by the following citation of an educational organization:

"When I was in my 20s and 30s, I was much more fixated on what techniques you use to be organic, what type of cover crops, just how you are doing it. Now, I look at what is getting in the way of people doing this, and how do we stop those barriers. And, of

³¹⁵ AM1-18

³¹⁶ The *Austrian Farmers' Federation* (Bauernbund), composed of 9 provincial associations, was established in 1945 as part of the "Austrian People's Party" (*Österreichische Volkspartei*). The organisation's large number of members (320,000 in 2000) and the dominating role of the Chambers of agriculture give the organisation a disproportionately great influence on the policies of the *Austrian People's Party* (ÖVP). Despite the steady decrease of the number of farmers in the population, and thus in the electorate, the Bauernbund can still assert its influence in the leading bodies of the People's Party. <http://aeiou.iicm.tugraz.at/aeiou.encyclop.b/b166313.htm>, 23.03.09

³¹⁷ AM4-135

³¹⁸ AM1-67

³¹⁹ AM4-41

³²⁰ AM1-106

³²¹ MM7-50, MM6-63

*course, one of the things that is getting in the way is the government policies. So, we are working on that. (...) We need to work on policy. We need to look at bigger picture issues.*³²²

None of the organizations analyzed employs a lobbyist. Lobbying activities are often carried out by partnering with others. Besides budget constraints, the reason for non-profit organizations to use existing structures lies in the legislation for non-profit organizations. Being a non-profit organization organized under Section 501 (c)(3) of the United States Internal Revenue Code of 1959, allows these organizations to carry out educational activities, but political activities are limited.³²³ Lobbying at the federal level is carried out by registered lobbyists located in Washington, D.C. Groups, such as the *Organic Trade Association (OTA)*³²⁴, pay lobbyists to represent their interests, as does the *National Organic Coalition (NOC)*³²⁵. One interviewee explained the way lobbying is carried out as follows:

*You have to get involved with the political process. So, that means that we have money that we put towards trying to influence folks in Washington. You have to play the game the way it is played. (...) Now, organic is in a political arena. Now, that it is part of the USDA, you have to be ready to utilize the resources that are available to you.*³²⁶

In the US context, a new actor comes into play, an actor that up to now has not played a significant role in Austria, namely *consumer groups*. Several interviewees mentioned that consumer groups are a vital actor in representing the interests of the organic consumers and, thus, also strongly influence the situation of the organic producers.³²⁷ Consumer groups were very much involved and had a significant impact on federal standard setting. The *Organic Consumer Association (OCA)*³²⁸, for example, represents 850,000 members. OCA also has its own lobbyist in Washington, D.C.

³²² MM4-39

³²³ Carmin, 1999, p. 102

³²⁴ The *Organic Trade Association (OTA)* started as an industry umbrella group that originally included farmer and consumer members in addition to manufacturers. Since hiring high-powered lobbyists in Washington and raising their lowest dues levels to \$300 (larger corporations contribute tens of thousands of dollars), many of their smaller long-time members have been forced out, and the association is now dominated by major agribusiness corporations that have purchased familiar organic name brands in their bid to capture a piece of the rapidly growing organic food market.

<http://www.organicconsumers.org/SOS/watchdog060207.cfm>, 17.12.08

³²⁵ The *National Organic Coalition (NOC)* is a national alliance of organizations working to provide a "Washington voice" for farmers, ranchers, environmentalists, consumers and progressive industry members involved in organic agriculture. <http://www.nationalorganiccoalition.org/>, 17.12.08

³²⁶ MM7-49

³²⁷ MM1-73, MM7-23, MM4-54

³²⁸ *Organic Consumers Association (OCA)* is an online and grassroots non-profit 501(c) 3 public interest organization campaigning for health, justice, and sustainability. OCA deals with crucial issues of food safety, industrial agriculture, genetic engineering, children's health, corporate accountability, Fair Trade, environmental sustainability and other key topics. OCA claims to be the only organization in the US focused exclusively on promoting the views and interests of the nation's estimated 50 million organic and socially responsible consumers. OCA represents over 850,000 members, subscribers and volunteers, including several thousand businesses in the natural foods and organic marketplace. OCA's US and international policy board is broadly representative of the organic, family farm, environmental, and public interest community. The Organic Consumers Association was formed in 1998 in the wake of the mass backlash by organic consumers against the U.S. Department of Agriculture's controversial proposed national regulations for organic food. OCA works with a broad range of public interest organizations to challenge industrial agriculture, corporate globalization, and inspire consumers to "Buy Local, Organic, and Fair Made." <http://www.organicconsumers.org/aboutus.cfm>, 17.12.08

Most organizations stated that they have been somehow involved in the negotiations for the new farm bill, especially by giving expertise and inputs about the needs of their farmer members. Generally in the interviews, the kind of lobbying that organizations do, often is referred to as giving expertise and testimony on certain issues, such as genetically modified crops or cloning issues, either by getting active themselves or through other organizations which approach them and ask for inputs.³²⁹

In addition to their activities at the federal level, all organizations stated that they carry out some lobbying at the state level.³³⁰ Because the organizations investigated are located in different states, different approaches to organic issues are taken. The main lobbying activities can be characterized as one member said: *“we push them to do more for organic.”*³³¹ In contrast to Bio Austria, the organizations investigated operate almost independent from state authorities; independent in terms of financial dependence and also in terms of partnerships and common activities. At the same time, partnerships with government officials are considered as important for the future development of the sector.³³² Important actors to address are the Department of Agriculture and the universities. Content-wise the organizations try to get support for the implementation of programs advocating organic agriculture, for the adaptation of state laws that take the peculiarities of organic into account, and simply for putting more money towards organic research and outreach in terms of extension.³³³ The approaches that state officials have taken towards organic vary from state to state. In Wisconsin for example, the Department of Agriculture has hired an organic outreach specialist who is in charge of organic issues and it has implemented an *Organic Advisory Council*³³⁴ to advise state authorities on actions that can be taken to further the Wisconsin organic sector. Three of the investigated organizations are part of this Council. In general, the approach seen within the organizations is to build awareness by taking part in councils and advisory boards at the state level. The interviewees see a growing interest by state officials in organic issues over the last couple of years. They account for this partly because the market demand is growing and partly because the grassroots organizations are actively involved in addressing the needs of the organic farmers. This is highlighted by the following two statements:

*“At the Wisconsin Department of Agriculture they now have a fulltime organic specialist, which is something that I pushed for 4 years and it has now happened.”*³³⁵

“Now, there are a number of universities that now even have organic herds or have dedicated organic land in their research trial areas, especially here in the Midwest. So, we are seeing a change at the university level, we are seeing research been done, we are seeing more educational CVs being developed. We are definitely there to help as

³²⁹ MM2-49, MM4-56

³³⁰ MM7-69, MM4-84, MM1-39, MM9-27, MM2-47

³³¹ MM4-13

³³² MM4-31, MM7-49

³³³ MM1-58

³³⁴ The *Wisconsin Organic Advisory Council* (OAC) is a body appointed by the Secretary of Agriculture to advise agriculture agencies, farmers, processors and consumers on organic agriculture issues. The Advisory Council was established in response to recommendations by the 2004 Governor's Task Force on Organic Agriculture. The Council consists of 12 individuals from the private sector to represent the spectrum of organic production, processing, and marketing in Wisconsin.

<http://www.datcp.state.wi.us/mktg/business/marketing/val-add/organic/index.jsp>, 01.02.2009

³³⁵ MM4-30

*much as we can. I worked with the university here in Wisconsin, sat on an advisory board with them, helped them to develop a sustainable and organic program.*³³⁶

Having advisory boards implemented is perceived as a first great step towards the “organic cause”, but advisory boards are not always successful. Michigan had created an advisory board as part of the *Organic Products Act* in 2000. The Board consisted of members representing organic producers, processors or input suppliers and consumers. The board was working on recommendations to give organic more importance. Most of the recommendations were never implemented and after a couple of years, the board was dissolved when the state’s financial crisis led to the dissolution of all state government advisory boards.³³⁷ Furthermore, the USDA informed the Michigan Department of Agriculture that the *Michigan Organic Products Act* was not in compliance with the national 1990 Organic Food Production Law. This issue remains unresolved.³³⁸

As in the Austrian example, the success of lobbying needs to be seen in terms of the other actors involved in the field. Especially industry is seen as having a big influence on the policies towards organic:

*“The difference between Europe and here is that Cargill, Conagra and all of those big corporations have very deep pockets and their lobbyists have deep relationships with all the Senators and Congressmen and their staff. So it is ... not a fair playing field so to speak. The US government does not put that much money towards organic. I mean, there is the new farm bill; they put more money into it. But it is not really ... the cards are still stacked in favor of conventional agriculture.”*³³⁹

5.5.1 Marketing

A second important function of support organizations, besides lobbying, is marketing. Supporting organic farmers through marketing activities is of major importance for the coops in the Midwest and for Bio Austria. The marketing approaches that the organizations take have already been described in section 5.3.1. The following discussion aims to give an overview and understanding of specifics of the marketing activities of the respective organizations in terms of: (i) creating a label and linking farmers to markets; and, (ii) public relations.

5.5.1.1 Link between farmer and retailer/producer

Austria

In general, farmers converting to organic farming want a premium price for their goods in order to compensate for higher production costs. In Austria, the conversion to organic did not always bring a higher price in the past. The reasons for that were either that organic processors or markets for organic products were missing.³⁴⁰ This was also

³³⁶ MM7-56

³³⁷ By law, the state government was required to reimburse advisory board members for their travel and lodging costs associated with their participation in board meetings. Dissolving these boards represented one means for the state government to cut this expenditure. No information is available on the amount saved (MA6-97).

³³⁸ MA1-35

³³⁹ MM6-64

³⁴⁰ Schermer, 2005, p. 5ff

the reason for Bio Austria, and the former association *Ernte*, to become involved in marketing activities (see section 5.3.1). Bio Austria links the farmers and the partners in terms of commodity pooling.³⁴¹ Resource pooling for grain for example is carried out through running a subsidiary company that functions as a distributor for the cooperation partners.³⁴²

Besides resource pooling, Bio Austria has created a *label*. This label is not a full-fledged marketing tool, but it functions as a kind of quality insurance of the Bio Austria standards. The label so far is not very present in the market place. It is predominantly used for direct marketing. But trade partners, in order to show compliance with the Bio Austria standards, are permitted to indicate this relationship by using a “*Partner of Bio Austria*” trademark on their products. The cooperation partners have access to certain services offered by Bio Austria. Bio Austria, for example, provides information on organic regulation issues or promotes cooperation partners and their products through national and regional marketing activities.³⁴³ In return, cooperation partners pay Bio Austria a kind of royalty. Currently, 12% of the budget of Bio Austria comes from the payments of the about 250 cooperation partners. One quarter of these cooperation-partners obtain half of their products from Bio Austria’s organic farmers.³⁴⁴ Bio Austria plans to intensify its relationship with cooperation partners in the future. On the one hand, this gives the organization an alternative source of income (see section 5.3.3) and, on the other hand, it provides a good chance to better establish the Bio Austria label on the market. The private non-profit status shall however be maintained in the future, as mentioned by the management of Bio Austria.³⁴⁵

The fact that marketing has gained in importance in recent years, is also reflected in Bio Austria’s extension portfolio. The management of Bio Austria wants extension educators to have a good overview of the current market situation and to have connections with marketers. Management representatives mentioned that it is not only important that advisors are well-educated on production issues, but that they are also up-to-date on the current market developments and prices. By knowing what the market wants and what the farmers are able to produce, extension educations should be able to function as a link between the farmers and the markets.³⁴⁶

Michigan/Midwest

In the more market-driven environment of Michigan/Midwest, marketing plays a very prominent role for almost all support organizations investigated. The coops especially focus on marketing activities, while the degree of marketing activity varies among the other organizations. As seen in the Austrian example, Bio Austria promotes a label and acts as a link between farmers and buyers. Similar activities can be seen within the Midwest: Organic Valley pools resources and promotes a label; MOFC links farmers to markets by trying to find markets and prices that best suit their farmers. Linking farmers

³⁴¹ AM4-29

³⁴² Gleirscher, 2005, p. 116f

³⁴³ <http://www.bio-austria.at/partner>, 01.10.08

³⁴⁴ AM2-25

³⁴⁵ AM2-15

³⁴⁶ AM1-14, AM3-11, AM121

to markets is either done on a day-to-day basis or by means of forward contracts³⁴⁷. The decision where to sell the commodities stays with the farmer.

Organic Valley, as the largest farmer-owned cooperative in the US, actively markets its brand in the marketplace. In the milk market, two other major companies sell organic milk market in the US. Those two companies are owned by the conventional food industry which gives them “*far better economies of scale*”³⁴⁸, as one interviewee from Organic Valley states. Organic Valley tries to compensate for this by having lower capital equity through actively communicating to the consumer the circumstance of being a farmer owned association:

*“We do represent a very different model, one that consumers want to support.”*³⁴⁹

5.5.1.2 Public Relations

Austria

Bio Austria is the only (federally organized) association in Austria that speaks solely for organic. The public relations activities of the organization have two target audiences. One is the network of professional partners, including market cooperation partners and NGOs; this network is informed about relevant topics via newsletters and a magazine. The other target audience is the public at large.

Public relations are an important activity for Bio Austria. One interviewee notes that in the last years, the importance of agricultural topics in the Austrian media landscape has increased. Reasons for that include the great skepticism of Austrian society towards GMOs, but also food scares, which provide an opportunity to better reach out and communicate organic issues.³⁵⁰ Issues that the organization considers as important to report are the concerns of the organic farmers in terms of political and market development, the accomplishments of the organic farmers and their values, the value of the organic sector, as well as creation of image and image marketing.³⁵¹ One interviewee described the relation as follows:

*“It is a huge issue-area where we try to competently represent organic farming in the public with a broad spectrum of contents. That includes daily newspapers right up to radio and television. We also have a strong media landscape, with a lot of agricultural media, where we try to position our topics.”*³⁵²

A major reason for using the media is to create political pressure, as expressed in the following statement:

“It is very important to be active in this area, to lobby. The best pressure is always via the media, because at the end of the day, the consumer is the one that decides to buy

³⁴⁷ A forward contract is an agreement between two parties to buy or sell an asset at a specified point of time in the future. It is one form of buy/sell orders where the time of trade is not the time where the securities themselves are exchanged; http://en.wikipedia.org/wiki/Forward_contract, 12.01.09.

³⁴⁸ MM7-47

³⁴⁹ MM7-44

³⁵⁰ AM4-11

³⁵¹ AM4-7

³⁵² AM4-12

*organic or not. And we have a good information level here in Austria, without being radical.*³⁵³

Altogether, it appears that public relations activities are carried out primarily to inform the public about organic issues and to create political pressure and not necessarily to promote the organization and its label. As one interviewee states, the label “*does not need to be on every product, but the consumers should be aware of the existence of different qualities of organic*”.³⁵⁴

Michigan/Midwest

Public relations also play an important role for support organizations in Michigan/Midwest. All organizations investigated issue newsletters to keep their members informed about various issues related to organic farming and they provide information on their websites. Public relation activities are mainly geared at internal network, i.e. the organic farmers themselves. There are hardly any efforts made to address the public on a broader basis.³⁵⁵ The only exception is the coop Organic Valley that is actively marketing its label in the marketplace. Interviewees see consumers becoming increasingly interested in organic issues. Addressing the public would be seen as an important thing, but due to lack of funding, the organizations investigated cannot go further in this direction. Similar to the field of lobbying, consumer organizations are seen as important allies. Consumer organizations are very active in addressing organic issues.³⁵⁶ Occasionally, consumer organizations approach the organic farming organizations for inputs and expertise on certain issues. As seen in the Austrian case, consumers are seen as a very important lever to build political pressure.³⁵⁷

5.5.2 Extension services

A third important function of organic support organizations, besides lobbying and marketing, is extension and education. In the following, the (i) formal extension system and the (ii) informal extension practices will be analyzed in greater detail. Before coming to the analysis, the following provides a brief outline of different definitions of “extension” and a number of terms which describe related, but somewhat different, concepts and the methods used to bring knowledge to the people.

BOLAND³⁵⁸ differentiates between the following five concepts:

- *Information* refers to the dissemination of “pure” facts without individual relatedness. Information is typically disseminated via the mass media, without dialogue. To make information applicable, it requires a high degree of individual initiative on the side of the recipient.
- *Education* stands for the conveyance of competences for problem solving without a current problem. The aim of education could thus be paraphrased as problem-solving “on reserve”.

³⁵³ AM1-74

³⁵⁴ AM4-51

³⁵⁵ MM4-87, MM1-54, MM8-49

³⁵⁶ MM1-84

³⁵⁷ MM7-93, MM2-68

³⁵⁸ Boland *et al.*, 2005, p. 9

- *Extension* refers to the development of individual solutions on a current problem. It is typically characterized by the individual and autonomous selection and processing of information and it aims at the generation of behavioral options instead of one-size-fits-all “recipes”.
- *Product advice* stands for the development of specific solutions for a current product-related problem.
- *Advertisement* refers to the communication of facts with the explicit aim to convince someone to buy a specific product.

Extension makes use of diverse methods to impart knowledge to the consumer. ALBRECHT³⁵⁹ considers them as methods of communication between the extension educators and the target groups, which aim to motivate and qualify the target group to solve its problems. According on the method used, the communication can be mutual (e.g. conversation, group discussion) or one-sided (e.g. information through print material). Depending on the number of individuals addressed, one can differentiate between single extension, with one-on-one communication between an extension educator and client, group extension, and extension via the mass media where specific target groups cannot be defined. The method used depends on various factors, such as the specific topic and problem, the number of individuals that are supposed to be reached, and the resource capacity of the extension suppliers.

5.5.2.1 Formal extension systems

Austria

Extension is one of Bio Austria’s core competencies. Since extension services are the responsibility of Bio Austria organizations at the state level, the approaches taken and the services offered vary from state to state.³⁶⁰

The general approach Bio Austria takes is to provide both *basic information* for farmers but also to cover areas more in depth with specialized staff, where educators focus on a specific area.³⁶¹ Whether to employ *generalist* educators or *specialized* staff is influenced by the production types in the single state and also by the financial resources the state-level organization of Bio Austria devotes to extension. In many instances, the extension methods applied are a mixture of extension in groups (workshops, seminars, etc.), written educational materials and one-on-one advice, with most support given over the phone.³⁶² The extension method chosen also depends on the source of funding. When educators are funded through projects, with money coming from the Ministry or states, single extension is typically not allowed. Therefore,

³⁵⁹ Albrecht *et al.*, 1987, p. 123

³⁶⁰ Currently, 24 extension educators carry out extension services for Bio Austria. Extension educators are either self-financed through projects or, in some states, through the agricultural Chambers. Within the area of plant production, expertise is offered for cover crop farming, pasture farming, vegetables, vinery and fruit farming. Within animal production, they cover cattle husbandry, pig husbandry, poultry keeping and bees. The ratio of extension educator to organic farmer is stated as 1:820.

³⁶¹ AM3-11

³⁶² AM3-122, AE5-26, AE1-97

in the fields where employees are hired over projects (i.e. of vegetables or vinery), support is mainly given through group extension.³⁶³

The membership of Bio Austria is diverse; members range from dairy farmers in less-favored areas to crop farmers in favored areas; from very experienced pioneer farmers to newcomers (see section 5.4.1). Offering appropriate educational materials and extension services to satisfy that heterogeneous set of members is a big challenge for Bio Austria. In the development of educational programs, Bio Austria must, and does take into consideration the target groups that it intends to address.³⁶⁴

Newcomers and farmers in transition show the greatest demand for extension. Transition courses are one of the tools to supply information for this target group. Pioneer farmers, who have been farming for a very long time, are already very knowledgeable and often do not look for extension anymore, at least not for very “basic” content. More specialized products, like the *soil certification program*, are also attractive for pioneer farmers, since these courses aim to convey deeper knowledge, in this case about soil processes in organic farming.³⁶⁵ Another group that is generally not easy to address involves those whose main income is not gained from agriculture and who run their farm quite extensively, e.g. as low input pasture farms.³⁶⁶ In general, it is mainly the more professional farmers who Bio Austria wants to address through its educational and extension activities.³⁶⁷ They are described as those who are knowledgeable about farming but are also those who actively seek more information:

“They see knowledge as a production factor and they see that knowledge can be an advantage. (...) They are also the ones who calculate quite well what they get for their membership.”³⁶⁸

Bio Austria tries to reach those professional farmers, for example, by organizing field trips abroad.³⁶⁹ Seeing professional farmers as its main target group also poses some challenges for Bio Austria. The professional farmers often are the ones who are very specialized and, thus, are no longer satisfied with the broad, rather general support that Bio Austria educators offer; thus, these farmers frequently seek support from other specialists.³⁷⁰

In Austria, extension for organic farming is not only offered by Bio Austria but also by the Chambers of agriculture (see section 5.3.4). The Chambers focus on organic farmers in transition and therefore mainly employ *generalist* extension educators.³⁷¹ Questions that cannot be answered by those “generalists” are passed on to other extension educators within the Chamber system. Those specialists either fully work on conventional farming topics or sometimes have about one-half of their time dedicated to organic issues.³⁷² The representatives of Bio Austria are divided on this practice. On

³⁶³ AA1-80

³⁶⁴ AM3-17, AE4-73

³⁶⁵ AM3-19

³⁶⁶ AM3-87

³⁶⁷ AM4-21, AE4-10, AE5-19

³⁶⁸ AM3-31

³⁶⁹ AM3-20

³⁷⁰ AM2-127

³⁷¹ AM2-138

³⁷² AE2-14

the one hand, they appreciate every piece of information that organic farmers get; on the other hand, they are concerned about the quality of such “conventional” information. They doubt whether conventional educators are “*organic enough*” to carry out courses for organic issues and to give advice.³⁷³ One interviewee from the management of Bio Austria states:

“If you take ecologization really seriously, you can not serve both [conventional and organic farmers].”³⁷⁴

Seen from the perspective of the individual farmers, the dual system gives them some freedom of decision. As extension is mainly demand-driven, it is up to the individual farmer to choose who to turn to and where to look for support. An extension educator from the Chamber described it as follows:

“There is no clear separation in the sense that the farmers of Bio Austria just call on Bio Austria for expertise and the codex farmers just call on the Chambers. The farmers that call us are mainly members of Bio Austria. They simply contact the organization where they think they are best served.”³⁷⁵

One extension educator from Bio Austria has a somewhat different perspective. He refers to the fact that besides having the appropriate information, it is also a question of “*principles*” to either call the Chamber or Bio Austria. He agrees that some farmers do not differentiate, but in his opinion, others would never call the Chambers, since they mainly represent the interests of conventional farmers.³⁷⁶

Bio Austria educators mainly focus on issues related to agricultural *production*. Beyond market information, economic aspects of organic farming are still underrepresented in the extension work of Bio Austria.³⁷⁷ Here the significance of the dual system, as described above, can be seen again: for economic questions farmers mainly turn to the Chambers. Interviewees see an increasing demand for information on farm level economic issues. Those topics will become especially relevant in the future when subsidy levels are expected to decrease. Since Bio Austria does not have the financial resources to hire economists, close cooperation with economists from the chambers or cooperations with experts of private businesses are under consideration. This brings with it a general discussion about the costs of the services offered. At the moment, each member is entitled to “*use the whole package*”³⁷⁸, i.e. each member can take advantage of all services provided by Bio Austria. Interviewees often refer to the example of Germany, where *Bioland* has more extension educators per farmer, but where extension services are not for free. In case that the level of subsidies for extension and education should decrease in the future, the same approach could be – or could have to be – adopted in Austria; that is, extension services would be charged and educational events would become more expensive.³⁷⁹ At the moment, the representatives of Bio Austria still hope that the financing of the “*basic extensional*

³⁷³ AM3-88, AM2-12

³⁷⁴ AM2-139

³⁷⁵ AE2-34

³⁷⁶ AM3-14

³⁷⁷ AM2-191, AM3-47, AE4-110

³⁷⁸ AM3-208

³⁷⁹ AM3-211, AE2-83, AE4-94

services”, such as extension during the phase of transitioning, can be assured also in the future.³⁸⁰

Michigan/Midwest

The support organizations investigated in the US take different approaches towards extension. The level of activity strongly correlates with the financial resources that the single organizations have available. An organization’s involvement in extension, however, also strongly depends on its type. For *marketing coops*, like Organic Valley and MOFC, extension is not a main priority; instead they focus on activities such as resource pooling or marketing issues. Still, within the group of marketing coops, there are individuals who carry out single or group extension activities, such as field days or barn meetings or who provide support over the phone.³⁸¹ For *educational organizations*, like MOSES and OEFFA, extension is, of course, of higher priority. They have skilled people advising farmers on the phone, but they do not have the capacity to carry out single or group extension on individual farms. They mainly focus on facilitating resources by organizing events, such as organic conferences, workshops and field days, or facilitating programs, such as apprenticeship programs for students or organic farmer mentoring programs. However all the organizations compensate for their lack of staff by providing written materials such as information on seed sources and material supply or fact sheets on organic issues.³⁸²

If staff is available, the support offered is often on the level of *basic information* given by *generalist* advisors. The support organizations analyzed often have a network of “sister organizations” to which they refer farmers for more specific help (see section 5.3.4). Especially the educational organizations, such as MOSES, function as “information pools”, where a great part of their activities is to refer people either to another person or another resource.³⁸³ Such activities are of great importance, while information on organic farming is available in the Midwestern states, the information flow between research agencies and farmers is lacking.³⁸⁴

The reason why US support organizations provide a lot of *basic information* becomes evident when looking at the target groups they address. The main focus is on “newcomers” to organic, from conventional farmers who have converted to organic to first time farmers and those coming back to farming. According to a survey report on organic farming in Michigan, one third of the organic farmers began with organic practices less than 10 years ago.³⁸⁵ A US wide survey on organic farming shows that 49% of the organic farmers did not transition but they rather began farming by using organic practices.³⁸⁶

In contrast to Bio Austria, which is very eager to get funding and to improve its competency in extension, US support organizations see this as the responsibility of the

³⁸⁰ AM2-190, AM3-187

³⁸¹ MM1-10, MM7-9

³⁸² MM8-8, MM4-22; MM7-9

³⁸³ MM4-67

³⁸⁴ ME3-18

³⁸⁵ Over 75% of Michigan’s organic farms have been certified for a relatively short period of time (10 years or less) (Bingen *et al.*, 2007, p. 15)

³⁸⁶ Walz, 2004, p. 96

university extension service. The university system is perceived as having better possibilities to reach out to farmers since they employ their own extension educators. Interviewees also expressed the opinion that it is simply a “moral” duty of the university to support organic farmers, since the university is a partly state-funded organization that has to support every farmer.³⁸⁷ But slowly, also the university sees a need to get more involved in extension activities for organic farming. Only recently, one position at MSU was created with the underlying goal to “*bring resources and motivation to extension educators so that they can service organic farmers.*”³⁸⁸

Land Grant universities are a special feature in the US university system. These universities carry out agricultural research and also provide extension for farmers. Michigan State University (MSU) is one of those Land Grant universities described below. In general, at these universities extension is carried out either by researchers who have “extension appointments” or by extension educators in the counties. Extension appointments are typically regulated on a contractual basis with the contracts stipulating the percentage of time that has to be or can be dedicated to extension. Researchers at MSU typically not only focus on organic issues, but they also serve conventional farmers at the same time. Extension educators at the university have so far shown little interest in supporting organic issues.³⁸⁹ The low level of interest of extension educators towards organic might be founded in the educators’ personal skepticism towards these practices, but it might also be founded in structural problems. In Michigan, for example, extension services are supported in part by the single counties. That is, the counties would have to request and agree that their extension educators address organic issues, a request that is not typical.

The rather marginalized role of the university can also be interpreted from the perspectives and expectations of the individual farmers. Similar to the situation in Austria, farmers’ *normative principles and beliefs* have some influence on which educators they contact or whether they contact educators at all. Some farmers are eager to turn to the university for expertise, but others are more skeptical of university extension. One reason for their skepticism is that they tried to establish contact with the university in the past but were sent away.³⁹⁰ Another reason is that they do not agree with the university’s activities on normative grounds ... “*because MSU takes money from GMO and chemical companies.*”³⁹¹

Many researchers or extension educators in organic have developed their focus on organic out of a personal interest. Only within the last two years, some individuals at MSU have been hired to dedicate some of their work towards organic.³⁹² The decision on what faculty positions to hire in terms of researchers depend on various factors. Since the university is a public entity, some outside actors can influence these hiring decisions. In the case of Michigan, it is especially state agencies, the interest group of the conventional farmers, i.e. the Farm Bureau, and the different commodity groups in

³⁸⁷ MM4-74, MM1-43, MF4-85, MF2-45

³⁸⁸ ME2-5

³⁸⁹ MM4-39

³⁹⁰ MF3-73, MF5-24, MF4-52

³⁹¹ ME2-62

³⁹² Generally, areas of expertise range from cover crops, vegetables, soybeans, and fruits to entomology.

conventional agriculture who have a say.³⁹³ Especially the Farm Bureau is seen as “quite influential, they are very strong politically, they do a lot of lobbying”.³⁹⁴ Representatives from the university extension management see the organic movement at this point “stronger than it was 5 years ago”³⁹⁵. Reasons for that increased influence are a growing market demand and, consequently, a growing supply of organic products. One representative of the university extension management states in that respect:

“The organic movement is a little bit fractured yet, and I think they know that. There has been some fighting within the organic scene, and I think they would have some greater impact if they were more organized. We [university extension] may not fill out every position they [organic community] wanted, because we do not fill every position for everybody but they would have a greater chance.”³⁹⁶

5.5.2.2 Informal extension practices

Austria

One option to enhance mutual support among farmers and, thus, to multiply the effects of extension and education work, is to organize *chapters*. Bio Austria has more than 400 regional chapters.³⁹⁷ The formation of chapters is largely dependent on the self-organization of farmers. As mentioned in section 5.3.2, the need to organize a chapter must be formulated by the individual farmers. Work in and for the chapters is *voluntary*. This leads to marked problems in terms of the farmers’ motivation to join and to meet in a chapter. A 2004 survey showed that only 22% of the 414 regional chapters are active or very active (with more than two meetings a year), while more than half of the chapters lie more or less dormant.³⁹⁸ Bio Austria still wants to keep the chapter system alive and prospering.

Chapters are organized on a *regional* level and therefore bring together farmers of a certain area. All the chapters have one person who leads the chapter, sets up meetings, discusses topics, organizes guest speakers, and the like. The farmers who are actively involved in chapter work function as mentors for farming-based information. They also provide an effective link between Bio Austria and its extension educators, and with the individual farmers. The organization tries to motivate chapter leaders by organizing special seminars for chapter leaders or by awarding them for their work.

The chapters are supposed to fulfil both a technical and a social function.³⁹⁹ Besides providing a forum where farmers can support each other on technical issues, the chapters are supposed to recognize the fact that their members are organic farmers convey a common spirit within the group. Chapters should, thus, be a kind of “*home for*

³⁹³ MA2-8

³⁹⁴ MA4-17

³⁹⁵ MA2-19

³⁹⁶ MA2-35

³⁹⁷ Größ, 2005, p. 12

³⁹⁸ Größ, 2005, p. 12

³⁹⁹ AM1-63

organic farmers".⁴⁰⁰ The high degree of "backing" connected with chapters could also be seen as one of the reasons why their level of activity has been declining in recent years. Organic farmers nowadays do not need to justify their farming type in society anymore⁴⁰¹ as one interviewee from the management of Bio Austria stated it:

*"For me the question is how important the topic 'home' is these days. Maybe the chapters would need to go more into the direction of 'functional groups'."*⁴⁰²

The idea of "functional groups" ("*Fachgruppen*") has, to a certain degree, already been implemented in Bio Austria. In contrast to chapters, which are organized on a regional level, functional groups bring together farmers of the same production type. At the moment, Bio Austria counts 45 organized functional groups. One third of these groups lie dormant, while the rest are considered as being active or at least more or less active. Functional groups are seen as a form of extended group extension. Their activities lie mainly on a technical level and their work is mainly accompanied by an extension educator from the respective production area. These groups are considered more as forums for specialized farmers for whom technical aspects dominate.⁴⁰³ In this way the professionalization of Bio Austria is seen at the farmer level.

Michigan/Midwest

A 2003 Round Table meeting among organic farmers in Michigan revealed that one of the biggest challenges and risks that farmers face is the lack of organized professional support; farmers typically have to find their own way to farm and market.⁴⁰⁴ In order to get the necessary information, farmers have to do their own time-consuming investigations, primarily through discussions with other farmers or through written sources. In contrast to conventional commodity producers who can rely on a plethora of different sources of information⁴⁰⁵ there was and still is little technical support readily available for organic farmers. In general, a lot of information on organic issues is available only through the *internet*. The problem with web-based information is that only one-half of the organic farmers, as one interviewee estimates, use the internet as a source of information.⁴⁰⁶ Another problem is that web-sites typically cover the whole US, thus the information provided is not always appropriate for the specific climatic and production conditions in Michigan/Midwest.

As a consequence of the above-mentioned situation, organic farmers depend to a large extent on support from like-minded peers. The dependency of farmers on each other is reinforced by the findings reported by the Organic Farming Research Foundation (OFRF) in 2004. The OFRF report showed that more than one-half of the farmers turn to other farmers when looking for information on organic markets and marketing. One third turn to buyers. Certification agencies as well as newsletters and magazines were mentioned as other relevant sources of information. Marketing cooperatives, growers

⁴⁰⁰ AM3-169, AM1-63

⁴⁰¹ Schuler-Knapp, 2007, p. 38

⁴⁰² AM3-171

⁴⁰³ Anonymus, 2007, p. 39

⁴⁰⁴ Osborne and Bingen, 2003, p. 15

⁴⁰⁵ Information such as extension bulletins, crop alerts, research on pesticide use and nitrate management, Farm Bureau conferences, conventional feed and seed suppliers and more.

⁴⁰⁶ MM4-5

associations, non-profit organizations, university-based resources and state agencies were mentioned as sources of lesser importance.⁴⁰⁷

As these results show, farmers turn to other farmers for support in rather informal ways.⁴⁰⁸ At the same time, this kind of support is also encouraged by organic farmer organizations. The organizations studied often simply do not have the capacity to support individual farmers, especially not on their farms. Some organizations, as seen with MOSES and some individuals from MSU, seek to compensate for this by relying on *mentors*.⁴⁰⁹ Mentors are experienced organic farmers who are willing to share their expertise with others. Such mentors help, especially farmers who are new to organic farming. The mentors either give their advice on the farms or they act as speakers at conferences.

Even though mentoring would be a very effective tool, the program is carried out only in a rather spotty way, and the number of contacts established is rather limited.⁴¹⁰ Therefore, mentoring cannot be seen as a full-fledged substitute for extension in organic farming. It rather serves as a kind of multiplier to compensate for the poorly developed extension system.

An information network that mainly depends on mutual support between farmers functions only to the extent that farmers are willing to share knowledge with others. Literature indicates that farmers frequently refrain from sharing information because they see other farmers as their competitors.⁴¹¹ Interviewees in Michigan/Midwest do not corroborate this concern. If farmers do not share information with their peers, that has mainly to do with lack of time on the farmers' side.⁴¹² The willingness to share information is perceived as high. The reason for that could be that mutual help is perceived as bringing mutual benefits. Since the market demand for organic products is very high and the organic sector in Michigan/Midwest is still in its infancy, cooperation promises to bring mutual benefits. If farmers cooperate they have better market access and they can use infrastructure (e.g. in terms of logistics) in a more efficient way.⁴¹³ The following statements underline this:

*"The markets are there. So, you are not cutting somebody out from something. Several years back, when the markets were slim, you had to go searching for your markets. Now, organic stuff is wanted everywhere. If you cannot find a market for your stuff something is wrong."*⁴¹⁴

Besides mutual self-help on a purely *ad hoc* basis, organic farmers in Michigan/Midwest have also set up *chapters*. The chapters seen in the Midwest are not as "informal" as chapters in Austria, at least not with OCIA. The OCIA chapter in Michigan functions as a field office with administrative responsibilities in terms of certification

⁴⁰⁷ Walz, 2004, p. 77

⁴⁰⁸ At this point it needs to be stated, that though Bio Austria or the Chambers have set up an extension system, farmers still turn to and rely on other farmers for expertise (AE5-92).

⁴⁰⁹ MM4-84, ME2-23, ME4-54

⁴¹⁰ In 2008, within the newly implemented mentoring programme, MOSES paired 18 mentees with 11 mentors; one outreach person at MSU put up 7 organic farmers with expertise in the areas as grains and beans, vegetables, apple pest management, etc. (MOSES, 2008, p. 4; ME2-94)

⁴¹¹ Gruber and Fersterer, 1999

⁴¹² MF4-81, MF2-34, ME4-103

⁴¹³ ME4-14, MF4-37

⁴¹⁴ MF3-45

(see section 5.3.2). The manager of the chapter is paid part-time. Paid management is one way to avoid the problem which chapters in Austria face, namely that the self-organization of farmers requires motivated members/leaders.⁴¹⁵

The OCIA chapter serves as a link between the organization and the farmers. The chapter bureau transfers important information from the organization to the field level. The chapters of OCIA and OEFFA, similar to the ones in Austria, hold winter meetings and organize field days.

In contrast to Austria, where chapters are perceived as important forums to support shared values of the organic community, the chapters in Michigan/Midwest often fulfil more pragmatic functions, like serving as a platform for marketing activities. In the case of OCIA, the chapter functions as a connection between marketing facilitators and farmers. Chapter leaders invite marketers to present their businesses. Such activities are perceived as very important because formally organized marketing cooperatives are very scattered, or farmers simply do not join such organizations (see section 5.4.3). This explanation is illustrated by the following statement:

*"[The brokers] tell what they are looking for, what they are offering ... pricewise (...). I guess we make these people available and the grower makes his own contacts after that. We do not try to get groups together and sell commodities. The growers do their own thing."*⁴¹⁶

5.5.3 Synopsis on functions of support organizations

In the above sections, the three key functions of support organizations, that is lobbying, marketing, and extension services have been described in detail and differences as well as similarities between organizations in Austria and Michigan/Midwest have been presented. This section provides a synopsis of those key functions. This synopsis is structured along a typological framework as elaborated by WIEDMANN and BURKHARD and explained in greater detail in section 2.2.3.

The framework was initially developed for the field of ecological marketing, but is adapted in this thesis in order to characterize target areas and functions of support organizations for organic farming. The framework distinguishes between three fields of activities: supply-oriented activities, behaviour-oriented activities, and activities geared at the "management of the context" (see Figure 2).

The ultimate aim of support organizations is to induce *behavioral changes* towards more and better organic farming practices. To achieve this goal, support organizations address two main target groups: (i) farmers who are supposed to practice organic farming; and, (ii) consumers or society at large who are supposed to promote the organic sector by buying organic products or supporting organic principles in the socio-political discourse.

As regards behavior-oriented activities, the framework distinguishes between the modification of attitudes and values and the modification of specific behavioural patterns. Modifying a person's or a group's *attitudes* and *values* is an important

⁴¹⁵ MF3-4

⁴¹⁶ MF3-18

prerequisite for modifying this person's or group's actual behaviour. Nevertheless, modifications of attitudes and values are hard to achieve, at least in the short term. Support organizations both in Austria and in Michigan/Midwest are still working towards this objective. Bio Austria undertakes extensive public relations activities. On the one hand, public relations are targeted at society in general with the aim to build awareness for organic issues and to raise the level of acceptance for organic production in general. On the other hand, such activities are directed towards its members, i.e. farmers practicing organic agriculture. Here, the main aim is to build an understanding for organic principles and to create a "community" with shared values. Extension activities as well as the establishment and support of chapters at the local level, where farmers meet and exchange themselves, are an important pillar towards achieving that goal. In Michigan/Midwest, where the organic sector is still in its infancy, the focus is more on members than on society in general. Especially educational organizations strive to either in personal interactions or via written materials support organizations to build and strengthen the attitudes and values of their members towards organic farming.

While the modification of attitudes and values can only be achieved in the medium- to long-run, the second goal, the *modification of specific behavioural patterns*, has a more restricted time-frame. When looking at external target groups, *marketing* activities of various kinds are geared to that aim. Organic Valley, for example, is very active in marketing its brand with the ultimate aim of making consumers buy their products. When looking at internal target groups, i.e. farmer members, all organizations investigated have undertaken at least some activities in the fields of extension and education. Here, in personal interactions or via written materials support organizations strive to disseminate knowledge on how to improve organic farming practices, as mentioned above.

Besides behavior-oriented activities, the typological framework by WIEDMANN and BURKHARD designates a second major field of activities: *supply-oriented activities*. By means of supply-oriented activities support organizations try to provide the basic prerequisites for the intended behavior (i) by generating and disseminating relevant information and by offering education; and (ii) by developing and propagating specific tools.

Organizations in both countries provide *basic information and education* on organic farming but they have also developed specific *tools*. For example, the group of marketing coops in the US and Bio Austria have on the one side marketing channels in place and on the other side they provide members with information on marketing opportunities so that the farmers can make their decisions based on such concrete information. The group of educational organizations and again Bio Austria provide *tools* in terms of extension guidelines.

A third broad field of activities in the typological framework by WIEDMANN and BURKHARD is called "*context management*". Context management refers to a type of activities in which support organizations try to influence societal behavior on a more general level, namely by trying to make the general political environment more susceptible to the principles of organic farming. Here, *lobbying* is the instrument of first choice for all support organizations investigated. Organic farming organizations try to

influence and put pressure on state representatives on different hierarchical levels and form alliances with other interest groups in order to push for agricultural regulations – and in Austria also for subsidy schemes – that further the cause of organic farming. With the group of support organizations investigated, lobbying is done at markedly different levels of intensity and sophistication, mainly depending on the size of the respective organization and on the available resources.

Besides going the indirect way of lobbying other actors, support organizations can to a certain extent directly set the framework conditions under which the organic farming sector is operating. Here, *organic production standards*, or guidelines, are the best case in point. Bio Austria and Organic Valley, for example, have developed complex production standards with which their member farmers have to comply. The impacts of those standards can be seen on two levels: first on the farmers' level, where the standards prescribe how organic land has to be farmed; and second on a societal level, where standards serve as important "symbols of trustworthiness" since farmers operating under those standards make a pledge to consumers that organic products are of a certain – high – quality.

6 COMPARATIVE ANALYSIS AND CONCLUSIONS

Organic farming has been steadily growing in importance, both in the European Union and the United States of America. In both jurisdictions, the organic sector has been promoted and serviced by various *support organizations*. This thesis provides a comparative analysis of selected support organizations in Austria and in Michigan/Midwest. In Austria, one centrally organized organization was analyzed while in the US seven decentralized units were studied. The analytical focus was (i) on the organizations' institutional and socio-cultural embeddedness, (ii) on the management structure of the organizations, (iii) on the functions that the organizations provide for their members and clients, and (iv) on the organizations' strengths and weaknesses. Conceptually, the study drew on theories from political-economy and organizational sociology and focused on phenomena on the macro, the meso, and the micro level of organizations. Empirical data were generated from qualitative expert interviews and from the analysis of secondary literature.

In the following, section 6.1 presents a synoptic comparative analysis of support organizations in Austria and Michigan/Midwest. Here, only the most outstanding similarities and differences will be reported on. Finally, section 6.2 closes with practice-relevant conclusions.

6.1 Comparative Analysis of support organizations

The socio-cultural background, as well as the political system, of a country have marked influences on the way people organize themselves into organizations and on the chances of organizations to make themselves heard in the socio-political arena (see Table 9). The two case studies on support organizations for organic farming in Austria and Michigan/Midwest show substantial differences in the way the sector is organized. Austria's political system is based on *corporatism* where certain groups hold privileged positions in relation to government; the Austrian Chamber of agriculture, which represents all Austrian farms, being one of them. Interest groups in Austria try to avoid competition and tend to work in a consensus-oriented way within a rather centralized association landscape. The system operates in a way that the state supports associations that are able to find compromises and oblige their members. In contrast to that, the political system in the US is characterized by a high degree of *pluralism*. Views and interests of a large number of groups are taken into consideration in the political decision making process. As a consequence, the American policy style is very conflict-oriented, and the association landscape is highly fragmented and decentralized. Interest groups tend to be in competition with each other, and typically refrain from mergers or any kind of centralization. This is partly attributable to a stable consent within US society about central values like individualism, liberty and a strong belief in economic competition.

Table 9 Socio-cultural background and political system

Socio-cultural background and political system		
	Austria	Michigan/Midwest
Political culture of the country		
<i>Policy style</i>	- corporatism - consensus-orientation	- pluralism - conflict-orientation
<i>Association landscape</i>	- unified - centralized	- fragmented - decentralized
Historical background of organic farming		
<i>Historic roots</i>	- Long-standing development outside and independent of conventional agricultural structures	
<i>Founders and key personalities</i>	- Rudolf Steiner, Maria & Peter Müller, Hans Peter Rusch	- Albert Howard, Robert McCarrison, J.I. Rodale
Organic farming policies		
<i>Overall development of the sector</i>	- government-led - focus on demand and supply	- market-driven - focus on demand
<i>Purpose of government support</i>	- increase proportion of organically farmed land	- provide additional market choices for farmers
<i>Monetary support regime</i>	- monetary support for research, education and marketing - monetary support to ensure subsistence of organic farmers	
<i>Rationale for government to provide environmental payments</i>	- reduce environmentally damaging emissions from intensive agriculture - perpetuate existence of agriculture in less-favored (esp. mountainous) regions	
<i>Public attitude towards agriculture / nature</i>	- preference for slightly farmed land ("cultural landscape")	- preference for no human intervention ("wilderness")

Source: Own tabulation

Besides a country's policy style, organizations in organic farming are also shaped by their socio-cultural environment. As regards the historical roots and developments of the organic farming sector, one sees remarkable commonalities between the two countries. Organic farming was initiated and promoted through pioneers, in the beginning of the 20th century, and the organic farming movement developed more or less outside common conventional agricultural structures. Over the years, the movement gained political influence in both countries. National organic standards were first passed in the EU in 1993, and about 10 years later also in the US. Here the similarities between the two countries end. Monetary support regimes have different focuses in the two countries. In Europe, monetary support is given to farmers who are farming their land in a sustainable way, which does not necessarily imply organic production. That kind of regime cannot be found in the US. One underlying reason for that can be seen in the respective "land ethics". While people in Austria prefer to see "cultural landscapes" in terms of slightly farmed land, people in the US associate "nature" rather with so called "wilderness", i.e. a landscape without human intervention.

Consequently, Austrian agricultural policy aims at perpetuating the existence of (sustainable) agriculture (especially in less-favored regions) through monetary transfer payments; a system which is completely unknown in the US. US agro-environmental programs rather aim at reducing environmentally damaging emissions from intensive agriculture. Altogether, monetary support from the state is less of a topic in the US, where organic farming is strongly market-led. Policy makers see “organic” mostly as an additional market opportunity for farmers and an additional market choice for consumers, while in Austria it is seen as an approach to increase the proportion of sustainably-farmed land. In Austria, of course also the reduction of environmentally damaging emissions is seen as an important priority.

Table 10 Characterization and historic development of support organizations

Characterization and historic development of support organizations in organic farming		
	Austria	Michigan/Midwest
<i>Structure and focus of organizations</i>	<ul style="list-style-type: none"> - one centralized organization (<i>Bio Austria</i>, BA) - organization has multiple functions 	<ul style="list-style-type: none"> - various decentralized organizations - organizations have specific functions
<i>Reasons for formation of farmer associations</i>	<ul style="list-style-type: none"> - <i>Former farmer associations:</i> to further good ecological practises and professionalize extension and marketing - <i>Bio Austria:</i> unified appearance vis-a-vis policy makers and markets 	<ul style="list-style-type: none"> - <i>Educational organizations:</i> to further good ecological practises - <i>Marketing coops:</i> mainly market-driven
<i>Political influence on formation</i>	<ul style="list-style-type: none"> - formation of BA initiated by Ministry of Agriculture 	<ul style="list-style-type: none"> - no political influence

Source: Own tabulation

The distinct political styles and political cultures of the two countries are clearly reflected in the organizations investigated in this study (see Table 10). The corporatist system of Austria sees one strong, centralized organic farmer organization, Bio Austria. Interestingly enough, it was government, namely the Ministry of Agriculture, which gave the incentive to bring together the various farmer associations to build one unified organization at the federal level. For the Ministry, the underlying reason for unification was to simplify administration of federal subsidies and to have one contact point for organic issues. The underlying reason for farmer associations to form Bio Austria was to come to a unified appearance vis-à-vis policy makers and markets. In contrast to that, in the pluralistic US system, one sees a multitude of decentralized organizations which developed without government’s influence. US organizations grew out of diverse motivations, with the provision of educational and marketing support being the most prominent. Market coops developed for farmers to have more control over prices and traders, while educational organizations mainly developed in order to bring knowledge and expertise to farmers especially to further good ecological practises. With the aim to

professionalize education and extension and to carry out common market activities, the motivation of Austrian organic farmer associations goes in a similar direction.

Table 11 Management structures of support organizations

Management structures of support organizations		
	Austria	Michigan/Midwest
Goals and fields of activity		
<i>Overall goal</i>	- speaking for all of Austria in terms of further development of organic agriculture	- organization-specific, market-driven targets
<i>Scope of activities</i>	- multiple	- specific focuses of individual organizations
<i>Main activities</i>	- information - education and extension - marketing - lobbying	- <i>Educational organizations:</i> information, education and extension, lobbying, research - <i>Marketing coops:</i> information, education and extension, marketing, lobbying
Organizational structures		
<i>Hierarchical structures</i>	- quasi-umbrella organization at federal level - independent organizational units at state level - chapters on local level	- varying number of hierarchical levels (depending on size of organizations) - chapters on local level
Funding		
<i>Sources of funding</i>	- public subsidies and grants (main source) - membership fees - services for market partners	- <i>Educational organizations:</i> - revenues from market activities (main source) - membership fees - public grants - civil society (donors) - <i>Marketing coops:</i> - revenues from market activities (main source) - membership fees
<i>Dependency on state authorities</i>	- high	- low
Cooperation and networks		
<i>Main contact partners</i>	- state authorities	- grass-roots organizations - market partners
<i>Cooperation with organizations of conventional agriculture</i>	- high	- low
<i>Quality of relationship with organizations of conventional agriculture</i>	- partly cooperation, partly competition	- cooperation

Source: Own tabulation

Bio Austria, serving as a kind of umbrella organization for organic farmer associations in Austria, pursues the overall goal to *ecologize* Austria's agriculture (see Table 11). In the fragmented organizational landscape of the US, individual organic farmer associations do not stipulate broad sectoral or region-specific goals but rather formulate more specific targets within their area of activities. To reach their goals, support organizations in Austria and Michigan/Midwest carry out a diverse set of activities which aim to bring services to their members and have an impact on their environment. All organizations investigated in this study provide information, education and extension. Activities on the market are carried out by Bio Austria and the marketing coops.

The *organizational structures* found correlate to high degree with the size of the entities. An organization like Bio Austria, which represents about 14,000 members, shows highly differentiated hierarchical structures. Structures are largely defined along territorial borders, that are the nine federal provinces of Austria. Depending on the size of the organizations in Michigan/Midwest, different numbers of hierarchical levels can be found. Organization does not always strictly follow territorial borders, but in the case of the biggest organization investigated (which represents about 1,300 farmers) units are organized along commodities. Chapters, as the smallest unit of an organization, do exist in both countries.

The *sources of funding* that the organizations draw on depend on country specifics as well as on the organizations' respective fields of activity. Bio Austria receives a considerable share of its budget from public subsidies coming either from the EU level or the federal level (esp. from the Ministry of Agriculture). In contrast to that, the organizations in Michigan/Midwest generate the most part of their sources from activities on the market or through their members. Here, some differences can be seen between the group of marketing coops and the group of educational organizations. While the coops are actively selling organic products, the market activities of the educational organizations are mainly through organizing conferences or selling educational information material. Altogether, state monies are scarce in Michigan/Midwest, and the few public funds that associations can draw on are not given away to support the day-to-day infrastructure but rather have to be applied for through competitive application processes. The only exception is Michigan State University which mainly relies on public funds.

The prevailing system of funding has strong impacts on various fields of an organization's activities, and it especially influences what kind of *cooperations and networks* an organization has. Bio Austria's high dependency on public funding brings along strong contacts to state authorities. In contrast to that, organizations in Michigan/Midwest uphold contacts mainly with market partners or (other) grass-roots organizations. Bio Austria has intensive relationships with organizations that are mainly representing the interests of conventional agriculture, especially in the fields of education and extension. In some states, Bio Austria is tightly cooperating with the agricultural Chambers (with organic extension educators sometimes even being paid by the Chambers) while in others a more competitive relationship between Bio Austria and the Chambers can be seen. In stark contrast, organic farming organizations in Michigan/Midwest hardly cherish relationships with organizations representing conventional agriculture. This

strong compartmentalization is probably at least partly founded on ideological grounds, with organic farmers having strong reservations towards conventional farming and vice versa. However, some forms of cooperation can be seen in recent years, for example when organic and conventional associations are commonly organizing field days for farmers.

Table 12 Support organizations and their members

Support organizations and their members		
	Austria	Michigan/Midwest
Types of members		
<i>Membership</i>	- farmers	- <i>Educational organizations:</i> diverse membership - <i>Marketing coops:</i> farmers
<i>Farming types</i>	- heterogeneous (crop farmers, dairy farmers, etc.)	- mainly homogenous within individual organizations
<i>Type of ownership</i>	- small and midsized family farms	
<i>Degree of orientation towards organic values</i>	- strong value-orientation among "pioneers" - more pragmatism among newer members ("subsidy optimizers")	- <i>Educational organizations:</i> more value-oriented - <i>Marketing coops:</i> more oriented towards economic values
Strategies to get new members		
<i>Motivation to get new members</i>	- both increasing organization's strengths on the market and in the political arena	- increasing organizations' strength on the market
<i>Efforts to get new members</i>	- strong own endeavors to attract new members	- partly own endeavors to attract new members
<i>Using information channels of conventional organizations</i>	- using conventional farmers interest groups to address potential members ("political channels")	- using conventional trade shows to address potential members ("market channels")
Strategies to prevent "free-riders"		
<i>Mandatory membership</i>	- no, for Bio Austria - yes, for conventional farmer interest groups (Chambers)	- no, since in fundamental contradiction to US political values
<i>Selective incentives for members</i>	- provision of services only for members - price differentiation between members and non-members	
<i>Binding members through value commitments</i>	- socio-emotional incentives (common social events, furtherance of "bio ideology", etc.)	
<i>Socio-cultural factors</i>	- strong tradition for joining associations in Austrian (agricultural) politics (Chambers)	- farmers prefer independency (in accordance with general US political culture)

Source: Own tabulation

The main goal of interest groups is – irrespective of country and sector – to represent the interests of their members and their clientele. This holds also true for the support organizations investigated in this study which carry out services for the benefit of their members. Most of the organizations studied, just have farmers as their members, while

educational organizations in the Midwest also involve advocates beyond the farmers' community (see Table 12). The last-mentioned group, thus, shows strong features of a social movement.

As Bio Austria represents the organic farmers of a whole country, its membership is highly heterogeneous (esp. as regards farming types). In contrast to that, marketing coops in the Midwest mainly focus on a specific rather narrow area, such as dairy or crop farming. Both in Austria and the Midwest, organic farming associations are mainly focussing their support on small and mid-sized family farms.

Interesting patterns among the organizations' members can be seen with regard to the degree of orientation towards *organic values*. The members of Bio Austria can be split into two rather distinct groups: first, farmers who have been practicing organic farming for a longer period of time and who have a strong value-commitment towards organic (the "pioneers"); and second, farmers who changed over to organic production only recently when public subsidies for organic farming practises have become available. Farmers of the second group, which are often referred to as "subsidy optimizers", are no longer oriented towards "deep ecological values" but rather practice organic agriculture because it's a good deal for them. As there are no subsidy payments available in the US, this last-mentioned category cannot be found in the Michigan/Midwest case. Depending on the individual organizations, members are either motivated by idealistic reasons and / or market chances arising out of organic production, with a certain tendency towards members of educational organizations being more value-oriented and members of marketing coops being more oriented towards economic values.

One of the key challenges of any interest group – be it in organic farming or be it in any other field of social activity – is to attract new and to hold existing members. One sees marked differences between the two regions in this respect. When reaching out to potential members, Bio Austria both unfolds its own activities but it also uses its good political access to conventional interest groups, especially the information networks of the Chambers of agriculture. In Michigan/Midwest, organic farmers associations cannot rely on political ties but rather have to act over the market, e.g. by attending conventional trade shows to inform farmers about the advantages of organic farming.

Austrian and US associations also differ as regards their motives for getting new members. Bio Austria aims to get stronger both on the market and in the political arena, with political ambitions mainly going towards the more effective representation of organic interests vis-à-vis conventional farming interest groups. The motivation of organizations in Michigan/Midwest is mainly to have stronger market power, especially to have more control over market prices and traders.

Once members are found, organizations typically face the so-called *free-rider problem*. Drawing on Mancur Olson's theory of collective action, free-riders can be defined as farmers who benefit from the successful interest representation of an association without becoming members of that association and, thus, without contributing an appropriate share of the costs. Olson describes three options how interest groups can escape the free-rider dilemma: (i) by requiring mandatory membership, (ii) by providing selective incentives that are only accessible by members, and (iii) by binding members

through value commitments. None of the organizations investigated in this study can draw on the option of *mandatory membership*. In Austria, only the Chambers of agriculture enjoy this privilege. Every Austrian farmer has to be a member of the Chamber, including organic farmers. The instrument of mandatory membership cannot be found in the US political system; it would even be conceived as a fundamental contradiction to its central values of individualism and liberty. As regards the second strategy to bind members, i.e. providing *selective incentives* to members, Austrian and US organizations are on a more or less equal footing. Bio Austria and the organizations in Michigan/Midwest offer a diverse set of services that only members can use, ranging from education and extension services to providing privileged market access. Sometimes, those services are accessible for members only, sometimes they are also accessible for non-members, but at a higher price (i.e. discrimination via price differentiation). The third option to bind members is through providing *value commitments*, an option organic support organizations in both countries heavily rely on. In their public relations activities, in their internal communications, and especially in the face-to-face interactions among like-minded peers (particularly at the regional and local level, e.g. in the chapters), the organizations convey a common set of values, a kind of “bio ideology”, to their members. Those socio-emotional incentives play an important role in creating a common “identity” and feeling of togetherness (“*Wir-Gefühl*”) among its members.

The reasons why members join and stick with an organization (or are rather reluctant to join, as could be seen in the Michigan/Midwest case) can not only be found in the incentives that the organizations provide, as Olson’s theory of collective action would indicate, but must also be seen in more structural, socio-cultural factors of a country. In Austria – both within and beyond the farming sector – there is a long-standing history and tradition of forming and joining interest groups; the Chamber system with its mandatory membership is a landmark in this respect. Therefore, it doesn’t come as a surprise that also the organic farming sector is represented by a strong, unified interest group strong in members. The situation looks remarkably different in the US, where the general political culture cherishes independency and individual freedom of action. Those principles are also in high esteem by organic farmers, who don’t want to bind themselves too strongly by joining an organization. They often rather prefer being independent in all their actions than to having better access to markets and political actors through effective interest representation.

The organizations investigated carry out multiple functions in order to reach three types of goals: first, on a societal level, to improve environmental conditions through the promotion of organic farming; second, on the membership level, to assure sustainable farming conditions for organic farmers; and third, on the organizational level, to attract new and hold existing members in order to ensure the organizations’ existence. The main functions of organic support organizations can be seen in the broad fields of lobbying, marketing and in offering education and extension services (see Table 13).

Table 13 Main functions of support organizations

Main functions of support organizations		
	Austria	Michigan/Midwest
Lobbying		
<i>Motivation to carry out lobbying</i>	<ul style="list-style-type: none"> - promote organic sector - mobilize state money for members but also for the organization (BA) itself 	<ul style="list-style-type: none"> - promote organic sector - attract awareness of authorities for the needs of organic farmers
<i>Extent of lobbying activities</i>	<ul style="list-style-type: none"> - activity with high priority - own lobbyist 	<ul style="list-style-type: none"> - mainly infrequent (on special occasions) - no own lobbyist but often through partnering with other organizations
<i>Legal requirements for carrying out lobbying activities</i>	<ul style="list-style-type: none"> - no legal restrictions 	<ul style="list-style-type: none"> - lobbying activities restricted by US laws
Marketing		
<i>Label of support organizations</i>	<ul style="list-style-type: none"> - mainly used in direct marketing - partly found on products of market partners 	<ul style="list-style-type: none"> - Organic Valley: nation-wide brand - other organizations: no label
<i>Public Relations</i>	<ul style="list-style-type: none"> - actively done by BA itself 	<ul style="list-style-type: none"> - mostly “delegated” to consumer organizations
<i>Other marketing activities</i>	<ul style="list-style-type: none"> - pooling of resources - price negotiations with buyers 	<ul style="list-style-type: none"> - <i>Marketing coops</i>: pooling of resources and price negotiations with buyers
Extension services & education		
<i>Extension staff</i>	<ul style="list-style-type: none"> - own extension educators - often specialized on specific fields of expertise 	<ul style="list-style-type: none"> - often people whose main responsibility is in another area - university researchers and extension educators doing extension
<i>Target groups</i>	<ul style="list-style-type: none"> - farmers who recently converted to organic (“newcomers”) - experienced organic farmers (“professionals”) 	
<i>Information supply</i>	<ul style="list-style-type: none"> - basic and specialized information 	<ul style="list-style-type: none"> - mainly basic information - researchers give specialized information

Source: Own tabulation

Organizations in both countries are engaged in *lobbying* activities. Lobbying is primarily carried out to promote the organic sector, with the goal to improve the general political environment for organic farmers on the federal and state level (e.g. through exerting influence on legal provisions or organic farming guidelines). In Austria, lobbying is very much directed towards “tapping” state budgets. Bio Austria tries to influence policy makers to ensure that organic farmers get a “fair” share of agricultural subsidies, especially under the ÖPUL program. Since Bio Austria receives a major amount of its own budget from public subsidies, lobbying activities are also directed towards the aim to keep up funding for the organization itself. As direct state subsidies do not exist in

Michigan/Midwest, the focus of lobbying activities is somewhat different than in Austria. Organic support organizations mainly aim at attracting awareness of state authorities for the needs of organic farmers. The goal is to increase the willingness of those authorities to invest more resources into the overall framework under which organic farmers are operating. A case in point would be the funding of additional organic research positions at the universities.

The importance that support organizations attribute to lobbying activities varies from country to country. Bio Austria perceives lobbying as rather important. This is also reflected in the fact that the organization has its own lobbying staff. The organizations in Michigan/Midwest carry out lobbying on a more occasional basis. When, for example, the federal state is passing new laws that have an impact on organic farming, the organizations start lobbying activities, but they mainly do not lobby state authorities on permanent level. Lobbying activities are mainly carried out by partnering with other organizations as for example consumer groups. The main reason for that is that it enables them to adhere to US lobbying legislation, where lobbying for non-profit organizations is restricted.

A second major function of organic support organizations is *marketing*. Among the organizations investigated, supporting organic farmers through marketing activities is of special importance for the group of marketing coops in the Midwest and for Bio Austria. When devoting themselves to organic farming practices, farmers experience both higher production costs and, due to reduced market volume, higher transaction costs. Getting a premium price for organic products is therefore of utmost importance for organic farmer and their interest groups. One way to achieve this goal is by running an own label. The aim of labelling is to make organic goods visible and distinguishable from conventional products. Bio Austria is running a label that ensures higher production standards than the ones required by EU organic production targets and, thus, also hopes to get premium prices for their products on the market. So far, the label has mainly been used by organic farmers for direct-marketing purposes, and the label can partly be found on products of its market partners. Bio Austria has, however, no own brand.

The US support organizations investigated take different approaches towards marketing. Similar to Bio Austria, one of the marketing coops sees its main function in acting as a link between farmers and buyers, thus, having better control over prices and traders. Another coop runs a label which, in contrast to Bio Austria, is actively promoted as a kind of brand in the market place. Other support organizations in Michigan/Midwest are more focused on internal activities, i.e. servicing their member farmers, and they “delegate” consumer information to consumer organizations, which seem to be a very vital actor in the organic sector in the US.

A third important function of support organizations is the provision of *extension services and education*. Organic farming is partly based on traditional knowledge, enhanced by new technologies and practices. Organic farming can be considered as a specific knowledge-system where innovation, knowledge-transfer and learning play an important role. Extension services and education are therefore of special importance in organic farming. Depending on the specific focus of the individual organizations and their financial resources, every organization has its specific approach. One of the

original aims of the founder associations of Bio Austria was to professionalize their extension and education activities. These activities are still of great importance. Bio Austria employs its own extension experts who support organic farmers in a broad field of activities. In contrast to that, the support organizations studied in Michigan/Midwest mainly don't have specific extension experts. All the organizations have employees who give some kind of support, but mainly not on a full-time basis. The only exception is Michigan State University which has its own extension educators. However, most of those educators are mainly geared towards conventional farmers. Some researchers at MSU carry out research on organic farming practices and are also involved in extension activities for organic farmers.

As regards the *target groups* that support organizations want to reach with their extension activities, there are distinct similarities between the two countries. In Austria and in Michigan/Midwest, the focus of extension is both on "newcomers", that is farmers who recently converted to organic farming, as well as on "professionals", that is farmers who are very experienced and already very knowledgeable in organic farming practises.

As regards the *scope of services* offered, there are marked differences between the two countries. Bio Austria, as an organization with a large number of members, strong political backing, and thus a solid financial basis, offers a wide range of information and expertise, be it via extension educators or be it via written material, to its members – mainly for free. Bio Austria is actively offering basic information, especially to "newcomers", as well as specialized information, especially for the more "professional" farmers. As opposed to that, organizations in the Midwest do often not have the resources and possibilities to offer a full range of services. They mainly provide basic information on organic farming issues. Typically they act as "information pools", that means, they maintain and foster networks with other organizations and with knowledgeable individuals and they simply pass farmers who have a special need on to those network partners.

6.2 Practice-relevant conclusions

In this thesis, eight support organizations for organic farming, one quasi-umbrella organization in Austria and seven organizations in Michigan/Midwest, have been investigated. As the detailed descriptions in chapter 5 and the synoptic comparative analyses in this chapter have shown, there are many similarities but also marked differences between organic support organizations in the two regions.

The thesis started out with the aspiration to provide a theory-based description of organic support organizations in the two countries, to deduce their specific strengths and weaknesses and to, finally, derive some practical conclusions for the organic sector in the two countries. Evaluative judgements are, of course, difficult to make if organizations are operating under so highly different historical, societal, and political conditions. Still, this last part of the thesis will venture into the question of what organic support organizations could learn from the insights gained from the other country (see Table 14).

Table 14 Overall strengths and weaknesses and lessons to be drawn

Overall strengths and weaknesses and lessons to be drawn		
	Austria	Michigan/Midwest
Final evaluation		
<i>Main strength</i>	- professional and effective organization of interest representation	- high flexibility to assert themselves in a competitive market environment
<i>Main weakness</i>	- strong dependency on state support	- lack of political and economic clout due to fragmented structures
Mutual learning		
<i>Lessons drawn from other country</i>	- put greater emphasis on market activities ... especially in the light of imminent cuts in subsidies after 2013	- professionalize interest representation ... possibly at the expense of individual associations' autonomy and freedom of action
for both countries, need for:		
- single-loop learning, i.e. detection and correction of errors,		
- double-loop learning, i.e. modification of existing norms, procedures, policies, and objectives		

Source: Own tabulation

Austria had a rather fragmented landscape of organic support organizations until a few years ago. The unification of farmers' associations under the quasi-umbrella of Bio Austria brought a pronounced professionalization of activities. Through the pooling of resources and competencies, Bio Austria is now operating as a very effective and professional representation of organic farmers' interests, be it in the political arena, be it on the market. The mainstreaming of organic interest representation in Austria has, however, come at a price: Today, the development of the Austrian organic sector (largely parallel to the development of the agricultural sector as a whole) is very much led by government, and also Bio Austria strongly depends on state support.

In *Michigan/Midwest*, the picture is more or less reversed. In line with pluralistic ideas and ideals, the representation of organic interests is highly fragmented. A number of small support organizations offer a narrow (often highly specialized) set of services to an organic farmers' community which strongly cherishes the values of autonomy and independence. As a consequence, interest groups, and with that the whole organic sector, lack political and economic clout. On the other way round, US support organizations don't have to fear being captured by state interests. The US government pursues a free-market approach and, thus, largely refrains from interventions into the private sector. So, over the years, organic support organizations have developed innovative strategies and a high degree of flexibility in order to assert themselves in a competitive market environment.

Based on the complementary profiles of strengths and weaknesses, what can the two countries and the organic support organizations operating in those countries learn from each other? Drawing on the insights of *learning theory*, one could argue that in both

countries two types of learning are necessary, which ARGYRIS and SCHÖN⁴¹⁷ paraphrase as “single-loop” and “double-loop” learning. *Single-loop learning* stands for an approach in which an organization tries to detect current weaknesses and simply strives to correct them. The above analysis has shown that organic support organizations both in Austria and in Michigan/Midwest can and should go for optimization strategies of this kind in many fields of their activities. The insights derived from this thesis, hopefully, provide some starting points for organizational improvements.

While single-loop learning permits the organization to carry on its present policies or achieve its present objectives, *double-loop learning* calls for a deeper reflection of current practices. Here, the aim is to critically question the norms, objectives, policies, and procedures that an organization has pursued so far; to check whether they are still up-to-date or whether they have to be modified and adapted, especially with regards to the future challenges than an organization is supposed to face. Here, the two countries could learn from each other.

Bio Austria could learn from the US experience to put greater emphasis on market activities. This could become a necessary order of the day in the next few years, as with the imminent reform of the Common Agricultural Policy of the EU the level of state subsidies for agriculture might be remarkably reduced after 2013. The Austrian organic sector would be well-advised to adjust to those new, “tougher” conditions in due time.

On the other hand, the Austrian case also brings insights for Michigan/Midwest, where the organic sector is still in its infancy and organic support organizations have more resemblance to grassroots movements than to professional interest groups. A professionalization of interest representation would bring along a greater impact on the political agenda, a more effective exploitation of market potentials and, in the end, an increased importance of the organic sector as a whole. But such a professionalization would probably have to come at the expense of individual associations’ autonomy and freedom of action. Whether libertarian US farmers and farmers’ interest groups can be prompted to go in this direction remains to be seen.

⁴¹⁷ Argyris and Schön, 1978

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ANNEX: INTERVIEW GUIDE

The following is an exemplary interview guide as used in the expert interviews in Austria and the US. As typical for qualitative expert interviews, the interview guide was slightly modified from interview to interview to take into account the peculiarities of the specific interviewee/organization. The following exemplary interview guide was specifically used for interviews with representatives from the organizations' management:

Introduction

[Presentation of the researcher]

[Establishing informed consent: anonymity, permission for tape-recording]

[Introduction to the topic of the thesis]

[Interviewee]

What are your main activities and responsibilities?

[Key activities of the organization]

What are the key activities of your organization?

How did they develop other time?

Are these activities likely to change in the future?

How successful is, in your opinion, your organization in those activities?

How do you measure your organization's success?

What are the 3 to 5 most important goals of your organization?

What are the organization's strengths and weaknesses?

[Members and clients of the organization]

Who do you want to address with your activities?

Why do you want to address them?

How are you approaching these members/clients?

What specific services are you offering your members/clients?

[Internal organization]

How does the organizational structures of your organization look like?

How are decision making processes organized?

How are the members involved in decision making?

[Embeddedness of organization]

Who are the main working partners (central actors) outside the organization?

What role do they play?

How would you describe the cooperation with these organizations?

Do they have an impact on your daily work?

What are, in your opinion, the particularities of your organization? How do you distinguish from other similar organizations?

[Future prospects]

What future challenges do you see for your organization?

What are the main chances and risks?