THE AMERICAN TRADE AND BUSINESS ASSOCIATION: A STUDY OF ITS GROWTH, STRUCTURE, AND FUNCTIONS IN THE EMERGENT AMERICAN SOCIETY

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ABSTRACT

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by Desmond D. Martin

This study was specifically designed to answer key questions about the increasing significance of large-scale national trade and business associations in the American society. Particularly, the central purpose was to examine these associations and their increasing importance as vehicles used by economic organizations in dealing with environmental forces that present obstacles to the achievement of their respective goals. Since the scope of the study was quite broad, a general framework was provided to view these associations in a most meaningful manner. Trade and business associations were examined as they exhibit changes and consistencies in four major environments as follows: First, an historical environment of growth and development. Second, the immediate environment of these associations. Third, the environment provided by the total society. Fourth, the environment provided by the business world.

In order to control the boundaries of the analysis two coordinate hypotheses were tested. First, the hypothesis was set forth that trade and business associations come into being, grow and flourish to the extent that members perceive them meeting their needs, in particular, promotion and protection of mutual interest. Secondly,

it was hypothesized that these associations vis-a-vis society originate, grow, and flourish to the extent that their objectives are congruent with the psychological, sociological, and economic forces of the emergent society. A corollary to this latter hypothesis suggests that survival of a given association depends upon its ability to adjust to these emergent forces in the greater society.

Three methodological approaches were used to test these hypotheses: the historical, empirical, and case method. Questionnaires, published histories, and supplementary association pamphlets were the primary sources of data used. The questionnaire was sent to a selected sample of 442 large-scale national trade and business associations. For purposes of analysis, it was necessary to stratify the sample into meaningful categories. The categories selected conform to the Standard Industrial Classification Code and included the following activity types: agriculture; manufacturing; transportation, communications, and utilities; wholesale and retail trade; finance, insurance, and real estate; and services. A final non-SIC category (national business associations) was added to account for special types of business associations. The criterion used in assigning individual associations to a specific category was the primary activity of the association. The hypotheses were tested in the context of both the major environments and the specific activity types of associations.

The major findings of the research confirmed the validity of the hypotheses within the limits of the research design. In fact, each of the three methods yielded remarkably similar results with

respect to the hypotheses tested. Historically, trade and business associations have originated, grown, and flourished to the extent that they have been able to fulfill this need-oriented mission inherited from the guild system and modified by more recent history. Empirically, these associations have exhibited unique patterns of both internal and external relationships designed to sustain themselves in the greater society. Case studies of individual associations provided additional support to the basic hypotheses. For example, membership need-oriented functions were apparent throughout each association's history. Also, emergent forces threatened the survival of each association studied, and steps were constantly taken to remain congruent with these forces and survive. The research clearly showed that the modern trade and business association is the product of an emergent American society.

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By

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PREFACE

This study of trade and business associations was made possible by use of research tools and data drawn from a broader study of American associations under the direction of Professor W. Lloyd Warner of Michigan State University and financially sponsored by the Carnegie Corporation. This broad study of large-scale national associations in American life has been a collaborative effort by a research team. The most important individual effort in the success of the overall association research was supplied by Professor Warner. Under his expert direction the total association research has been guided toward a meaningful end, and without it this particular study of trade and business associations would not have become a reality.

In addition to the leadership provided by Professor Warner, earlier foundations for both the broader association research and this research were laid by a number of members of the research team. Professors Warner, Orvis Collins, and John Trimm, and Mr. James Shrier all contributed significantly to an early research design for the broader study of American associations. These individuals provided source materials through library research and personal contacts that were used throughout both the broader study and this study. The Encyclopedia of American Associations, a comprehensive list of existing associations published by the Gale Research Company, emerged as a key tool used in both analyses. Once preliminary data were collected and

analyzed, Professor Warner selected a representative sample of large-scale national American associations. This sample was cross-checked with samples selected by other members of the research team.

In the early stages of the broader research, Professor Frank Nall and Mr. John Jackson were added to the research team. These two men played important roles both in final questionnaire development and in the creation of the operative research design for the American associations study. Since the present study uses data obtained from responses to that questionnaire, whatever merits it may contain can be directly traced to the high quality of the association questionnaire that emerged from team effort.

Generally speaking, the broader study of American associations is concerned with all types of large-scale national voluntary associations. It emphasizes particular differences among these associations. For purposes of analysis, American associations are placed in activity types that include eight major categories. They are:

1. Production, ownership, management, and exchange
2. Agriculture
3. Civilian and military government and public administration
4. School and education
5. Religious and church
6. Physical and social welfare
7. Physical, biological, other sciences and arts
8. Recreation and sociability

A total sample of 1,093 associations composes these eight activity types. This selective sample accurately reflects the true representation of large-scale national associations in each of these activity types. The questionnaire was mailed to these 1,093 associations and 793 or 72.5 percent were completed and returned. Of this 72.5 percent, approximately 60 percent were returned on the first mailing and an additional 12.5 percent on the second mailing. Responses to this questionnaire yielded significant information about governmental relationships, organizational characteristics, and general purposes of the associations. These responses have been analyzed and integrated in a meaningful study of American associations.

Trade and business associations that compose the production, ownership, management, and exchange activity type of the broader study are the major focal points of this analysis. This activity type is a basic part of the entire economic segment of the society, and this specific study analyzes in depth the associations it contains. A special interest in trade and business associations nourished by the author's participation as a member of the broader research team is responsible for this endeavor. Since it uses data collected by the total research team, this study is an individualized product of the total research. Trade and business associations are treated as individual entities within a social type; this study can now be regarded as a separate study of trade and business associations apart from the broader study of all large-scale American associations. Thus, given

its relationship to the broader association research, the ensuing analysis emphasizes methodology, analysis, and conclusions as applied to trade and business associations. Professors W. Lloyd Warner, W. J. E. Crissy, and Dalton E. McFarland of Michigan State University made substantial contributions that improved the methodology and content of the individual thesis research as a separate study. I am very grateful to all of them for their valuable and generous assistance.

CHAPTER I

INTRODUCTION

Purpose, Scope and Significance

The central purpose of this study is to examine trade and business associations and their increasing importance as vehicles used by economic organizations in dealing with environmental forces that present obstacles to the achievement of their respective goals. The ensuing analysis will show that these associations have exhibited a dynamic growth pattern in terms of membership sizes, scope of operations, and total influence in American life.

Thus this study is specifically designed to answer key questions about the increasing significance of trade and business associations. It is particularly important to determine why this growth has occurred. Is it concentrated in any one type or kind of trade association? Have trade and business associations experienced marked influences from evolutionary forces? What are the internal and external relationships of these associations, and how do they relate to their role and importance?

Two coordinate hypotheses will be tested that will help to provide answers to these key questions as follows:

Hypothesis I:

Trade and business associations come into being, grow and flourish to the extent that members perceive them as meeting their needs, in particular, protection and promotion of mutual interest.

Hypothesis II:

Trade and business associations vis-a-vis society come into being, grow and flourish to the extent that their objectives are congruent with the psychological, sociological, and economic forces of the emergent American society.

A corollary of hypothesis II:

Survival of a given association depends upon its ability to adjust to the emergent forces in the surrounding society.

Three methodological approaches are used to test these hypotheses. First, the historical method is utilized in determining association growth patterns and how growth and functional types of associations are related. Secondly, empirical analysis is employed in discerning key relationships from a wide range of data. Finally, the case method is used as a vehicle for analyzing particular associations in light of the two fundamental hypotheses suggested in the study.

While the boundaries of this analysis are primarily controlled by the nature of the hypotheses to be tested, a general framework is provided within which these associations may be studied. They will be examined as they exhibit changes and consistencies in four major environments as follows:

1) An historical perspective of trade and business associations: changes that take place as associations are older or younger.

2) Their own immediate environment: within the trade and business association complex.

3) The total society environment: government, the larger business world, and the greater society.

4) The business world environment: corporations, marketing institutions, or financial organizations.

An inter-relationship exists among environments 2, 3, and 4. For example, given that a trade or business association is primarily concerned with the three worlds of 2, 3, and 4, it is postulated that these three worlds are undergoing very rapid change and that these associations adjust to that change in each of these areas. A trade association may undergo an alteration in its structure to adapt to a change in its own immediate environment, or to a change in the total society. Furthermore, it may mean some type of alteration in purpose, function, or in membership composition of the association as these three worlds exhibit their changing faces as part of an emergent society.

One need only look at the developments in transportation, communication, production, and distribution in the past thirty years to realize that our society has become more urban, more mobile, and more complex. Today no part of this society is remote and communications between corporations and trade and business associations are very easily accomplished even though they may be located in different parts of the country. Also, the growth of urban areas has presented marketing problems that did not exist forty or fifty years ago. Many corporations find themselves in a highly competitive situation in which

success or failure of productive enterprise in the market place may hinge on what little is known about consumer motivation. While it is true that more is being done today to learn about consumers and about mass marketing enterprise, it is also true that the changing nature of our society has made such study more difficult. This analysis is concerned with how these developments have shaped the face of modern trade and business associations. Particular emphasis will be placed on an examination of membership, structural characteristics, and activities of such groups to determine their place and influence in American economic life.

Publications Dealing with Formal Associations

In view of the general purposes of this study as set forth in the early part of this chapter, it is essential that a brief review be made of the existing association literature in order to determine how much is already known about voluntary association relationships in their basic environments. While some research contributions have been made to a greater understanding of associations, the current state of theoretical knowledge in this area is quite undeveloped. Further, the body of knowledge about association functions, growth, and societal relationships (the primary interests of this study) is concerned with voluntary associations in general rather than with trade and business associations. The paucity of studies of this type is particularly apparent when a penetrating analysis is made of the classic works in the field. Many attempts were made to

uncover both the sources and content of the available literature dealing with voluntary organizations. A valuable aid in this effort was provided by Professor Buford H. Junker's exhaustive bibliography of voluntary organization literature which he compiled at the University of Pittsburgh.[1] His coverage includes the literature of the relevant disciplines - political science, business administration, sociology, and psychology.

The present study is an attempt to fill in some gaps of knowledge that are revealed in the review of classic publications about voluntary associations. Specifically, these gaps of knowledge occur mainly in the areas of functional purpose and environmental adjustment of these associations as set forth in hypotheses I and II.

Some early writers, such as Kropotkin (1914), made specific reference to the problem of human association as distinguished from other evolutionary processes. Kropotkin argued that the major purpose of human association was one of mutual aid.[2] There is little question that we group together as human beings for mutual protection and advancement, but the most important aspect of this grouping takes on a special characteristic that can best be described by the term formalization. The findings in this study suggest that it is mutual

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[1]Buford H. Junker, "Voluntary Organizations in American Communities," Unpublished bibliography, Department of Sociology, University of Pittsburgh, 1958 (mimeographed).

[2]Kropotkin, Mutual Aid: A Factor in Evolution (New York: Alfred Knopf, Inc., 1925), Chapter 1.

aid (the support through banding together) that lays the foundation for voluntary associations such as trade and business associations as well as other types of human association that have arisen since the beginning of mankind. As stated in hypothesis I, protection and promotion of mutual interest will emerge as the goals of people seeking mutual aid through trade and business association membership.

M. F. Robinson's Spirit of Association, published in 1913, was an early attempt to analyze specific types of associations. After studying the multiplicity of associations in Great Britain, Robinson came up with what he calls four great forms of association.[3] These are:

1) Guilds (religious, social, trade, and craft)

2) Friendly societies (movements for mutual aid and social advancement of one's life through group relationships).

3) Cooperative movement (the social reform movement which was an expression of a desire for social betterment, and resulted in the socialistic community of Robert Owen as one example) .

4) Trade unionism (mutual aid in the form of the accumulation of benefit funds with which to enhance the power of the worker in his effort to restrain the forces of unrestricted competition as it effects him).

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[3]M. F. Robinson, Spirit of Association (London: John Murray, 1913), Chapters I, VIII, X, and XVII.

Robinson offers an early attempt to distinguish between different types of associations, and although he is not specific in categorizing associations into activity types, he does use activity as a determining factor in deriving his four classes of associations. Trade associations, as will be developed in Chapter III, are an outgrowth of what Robinson calls guilds because the trade and craft guild was an early form of trade association. The friendly societies and cooperative movements Robinson defines differed from the guild primarily in the extent of their social activity. These organizations worked for public betterment and social reform and are counterparts of modern social welfare associations. Finally, the labor union, Robinson's fourth class, was concerned with improving conditions of work within the framework of the existing industrial system. Trade unions then operated for the benefit of the working man and were more directly concerned with his workplace as opposed to the widespread social concerns of friendly societies and cooperative movements. Trade guilds operated in a broader industrial setting than did trade unions, and were particularly concerned with problems in the higher echelons of economic life. Interestingly enough, Robinson perceived this difference and separated the two on the basis of their activities. These differences will be further analyzed in subsequent chapters.

Kropotkin and Robinson make two basic contributions to an initial understanding of the association process. First, Kropotkin

recognizes common human needs resulting in universal characteristics that reach into all kinds of voluntary associations; and, secondly, Robinson provides a starting point for further analysis by distinguishing between different types of associations. The four great association classes of Robinson are important because they indicate how vital "associative effort" is with respect to national progress. Guilds, unions, friendly societies, and cooperative movements pave the way for social reform. In reality, legislative and legal activities do not necessarily pioneer social reform, but rather are supported by "associative effort" from which these activities receive democratic sanction. Thus, in the present investigation it is recognized that associations, by their very nature, have important social and economic influences on the processes of organization in a given society, i.e. government, business, and education.

Robert Lowie's Primitive Society, published in 1920, contains a more sophisticated approach to the association problem. Lowie uses Schurtz's theory of associations published in Germany in 1902 as the basis for his analysis. Schurtz theorizes that a profound difference in the psychology of the sexes underlies the differentiation between kinship and associational groups.[4] For example, women are eminently unsociable and any associational activity in which they engage is considered to be of little consequence. Men,

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[4]Robert H. Lowie, Primitive Society, (New York: Boni and Liverwight, 1920), p. 297.

on the other hand, are eminently sociable, and this masculine gregariousness fosters significant association activity.

In addition to the sex differentiation, Schurtz's theory recognizes age differentials as playing a key role in association development. Schurtz regards the antagonism between the older and the younger generation that separates parent and child as the basis for the oldest type of associated grouping. A basic axiom of this theory is that grouping by psychological age and matrimonial status preceded all others.[5] In primitive societies sex and age are the primary socializing agencies. There is little doubt that these agencies, as they operate in such societies have the effect of both identifying and protecting the social patterns of behavior associated with age and sex differences. However, in more advanced stages of societal development, sex and age do not remain as the only socializing agencies.[6] The more advanced society is characterized by a differentiation according to rank and wealth. Clubs tend to arise supplanting the earlier age classes and entrance fees and other qualifications emerge that destroy the pure age stratification system of the society. Such clubs can become highly secular or they may take the form of purely social organizations.

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[5] Ibid., p. 298.

[6] Ibid., p. 350.

Finally, Schurtz refers to secret societies as the other type of association formed by masculine gregariousness. A prominent trait of secret societies is the attempt to keep women and slaves in subjection. This latter feature is certainly identified with the basic nature of associations as conceived by Schurtz.

This early theorizing by Schurtz was crude and left many questions unanswered. Probably the most devastating attack on his theory can be centered on the fact that the nature of age and sex groupings is culture bound. In fact, Lowie in his ensuing discussion of Schurtz raises this fundamental objection. Although such limitations of the theory reduce its value, they do not nullify its usefulness completely. The protection and promotional functions of hypothesis I are present in Lowie's analysis of Schurtz. Schurtz perceives a protective function being performed by associations. It doesn't matter whether groupings are on the basis of age, sex, wealth, or social class because the association can play the same type of role in each case. Schurtz clearly points this out in his discussion of secret societies.

Camilla H. Wedgewoods's study of secret societies among the peoples of the South Pacific is a logical extension of Schurtz's approach.[7] Wedgewood considers the problem of why secret associations develop in certain societies and, perhaps even more important,

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[7]Camilla H. Wedgewood, "The Nature and Functions of Secret Societies," Oceania, I (July, 1930), pp. 129-45.

the nature of the functions that they perform. Her functional analysis of secret societies has particular meaning to this study of associations, and the ensuing discussion of Wedgewood's findings points out some important analogies between the characteristics of secret societies and trade and business associations. In the context of this study the overall conclusions of the Wedgewood study are particularly significant. Wedgewood states that no association continues in existence unless it has a definite function to fulfill. A distinction is made between two specific types of function which a secret society may fulfill, first, the "ostensible" or "manifest" function, and second, the "latent" or "underlying" function. According to Wedgewood, it is this latent function that must be present in every association, but the outside world and even its own membership may be oblivious to it. She defines the "ostensible" function as the object for which the society was designed or the function which it is recognized by its members as performing. Since many secret societies do not rigidly adhere to their original purposes, many of these societies have no "ostensible" function.

A secret association or secret society, in its broadest sense, is a voluntary association whose members, by virtue of their membership, are possessed of some knowledge of which non-members are ignorant.[8] The nature of this knowledge will vary from one such

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[8] Ibid., p. 132.

association to another: it may comprise magical or religious rituals or spells; some sacred objects; the identity of the members; the "ostensible" function of the association; or the very existence of the association itself. But regardless of the nature of the secret, the important point is that a secret society is an organized, self-conscious association whose members are possessed of some kind of a secret. Wedgewood qualifies her statement that these associations are voluntary by pointing out that there are certain circumstances in which an individual is forced to join a secret society. In many of the societies that she studied one's social prestige was dependent upon certain society memberships, and in other instances, social obligations forced such membership. Although the modern trade and business associations analyzed in the present study are also considered to be voluntary in nature, their respective memberships also experience compulsory influences similar to those of the secret society memberships of Wedgewood's study. For instance, in order to achieve industry prestige or competitive effectiveness as a company, a requirement may be company membership in the appropriate industry trade association.

Wedgewood's functional analysis of secret societies contains another interesting conclusion about their latent functions that has particular significance in this present analysis. She suggests that fundamentally all secret associations may have one latent function in common. In every individual there are two conflicting

impulses, one of which is to resemble his fellows and the other to be different from them.[9] While everyone wishes to remain within the community, most individuals desire to be important in the community.[10] Hypothesis I suggests that trade and business associations serve a similar purpose for the corporate or individual memberships. Specifically, membership within the trade association can easily constitute a sense of belonging to the larger group of members, e.g. a recognized part of the industry. Also, the services rendered by the trade association in serving its membership such as providing technical knowledge or specialized data about market trends tend to set members apart from non-members, and therefore provide them with advantages and need fulfillment. If hypothesis I is tenable, the common latent function of Wedgewood's secret societies is at work in modern trade and business associations. In fact it is crucially important to their very existence.

With particular reference to political organization, Wedgewood declares that autocracy and democracy are both fertile environments in which secret societies flourish. Secret societies supply men with the opportunity to acquire prestige and self-expression without endangering themselves or running counter to the established order of things in both of these political environments. The pressures of an unpopular autocracy can give a secret

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[9] Ibid., p. 139.

[10] Ibid., p. 140.

society the ostensible function of overthrowing the system. Democracy, characterized by a free environment and attendant competitive problems, suggests a need for formal association to help cope with these problems and attain a preferred position within the society. For example, some of the findings in the present study suggest that the American political and economic environment, although of a democratic nature, exhibits certain pressures and restrictions on the industrial sphere. These pressures are directly related to trade and business association growth and sustenance. Particularly, they interact in such a way that membership in the voluntary association satisfies the needs of both the individual and the company for greater power and prestige. This precisely coincides with Wedgewood's important functions of secret societies in a democratic community. In the context of hypothesis II, actual representative membership of a corporation in a modern trade association provides an avenue for adjusting to both political and economic environmental forces that may result in an exceptional position of superiority for the members. In fact, this hypothesis suggests that these associations grow and flourish to the extent that they are congruent with these environmental forces. In Wedgewood's analysis the desire for superiority and differentiation leads to the establishment of new associations as old associations become larger with broader membership bases. She bases this conclusion on the fact that the amount of prestige gained from belonging to a larger

group is diminished by the simple effects of size. Selectivity, then, is a basic factor in determining the force exerted by a particular association. In the trade association setting, the new interests that continually arise in the business world support the formation of new associations to promote these interests in a select fashion. But, special interests may permeate a common membership base, and the growth of this base may actually result in greater power and prestige of the membership than ever before. Thus membership in large powerful trade or business associations may be highly valued by members and nonmembers alike. This fact is really a product of large-scale growth in an emergent society. Nevertheless, in the Wedgewood sense, membership in a small, select group may also be highly valued in a complex society.

Another finding in the Wedgewood study is that secret societies serve as a unifying force and means whereby men are brought into social relations with others outside their normal sphere of contact.[11] Members may be drawn from several social groups, geographic areas, etc. This fact is also of basic importance to this study of trade and business associations, because this type of organization provides a direct means of bringing men representing common interests together and regulating their mutual behavior.

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[11] Ibid., p. 142.

These early writings about associations emphasize the universalistic aspect of the process of association that transcends every society. Since the present study is primarily concerned with the American society, the remarks of Alexis de Tocqueville in his classic Democracy in America are pertinent. This perspicacious foreign observer of American society pointed out that association is a distinctive characteristic of every aspect of American life. For example, de Tocqueville says:

> I met with several kinds of associations in America, of which I confess I had no previous notion; and I have often admired the extreme skill with which the inhabitants of the United States succeed in proposing a common object to the exertions of a great many men, and in getting them voluntarily to pursue it.[12]

He further states:

> Thus, the most democratic country on the face of the earth is that in which men have in our time carried to the highest perfection the art of pursuing in common the object of their common desires, and have applied this new science to the greatest number of purposes. Is this a result of accident or is there in reality any connection between the principles of association and that of equality?[13]

Surely associations could not have grown as they have nor flourished as they have in this country unless its laws and basic social norms recognized the rights upon which the existence of such groups depends. The observations of Wedgewood concerning democratic processes and association development are pertinent to de Tocqueville's

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[12]Alexis de Tocqueville, Democracy in America (New York: D. Appleton and Company, 1904), p. 594.

[13]Ibid.

speculations, and the environmental forces of an emergent democratic society referred to in hypothesis II are also applicable to de Tocqueville's thoughts.

It seems reasonable to conclude that associations tend to derive from and grow out of the basic institutions of American culture. They appear as ways and means by which the cultural membership is more or less formally organized for the purpose of giving support to and upholding existing institutions, i.e. they help to preserve and maintain the cultural institutions within our society. At the same time they allow for a modification of existing institutions through the combined expression of their respective memberships. This is a slow process at best because some oppositions and conflict within memberships and between memberships of various associations always exist to some extent; however, some general expression must emerge to substantially influence a modification of existing institutions. Associations, therefore, seem conducive to cultural change but without upsetting the continuity and stability of at least the more basic institutions of our society.

The associations that emerge from the basic institutions of American society may then be grouped into complexes of associations that represent significant and strongly the institutions from which they emerged and now represent. From this analysis the concept of trade and business associations emerges as a separate entity apart from other complexes. For instance, we can categorize some of these basic complexes of associations as trade, governmental, educational,

social welfare, and religious. This research study is concerned with only one of these complexes, namely, trade and business associations or in the more specific definition, those associations that help to arrange order and support production, ownership, management, and exchange. These studies of associations mentioned up to this point were all conducted prior to 1935, hence the resulting contributions to knowledge cannot be considered recent. While certain gaps in knowledge of trade and business associations were filled by these early studies, they have the common characteristic of answering only broad questions about associations in such areas as function, purpose, and effects of the political environment. The Wedgewood study was particularly important in setting forth a basic understanding of voluntary association functions, and is pertinent to the hypotheses investigated in this study.

An examination of more recent studies of association does not add much to this earlier body of knowledge. In fact, more recent conclusions by American sociologists about classification of associations are very similar to what Robinson found in Great Britain. Panunzio, an American sociologist, has divided associations into three classes or parts as follows: contractual, familistic, and compulsory.[14] Unlike Robinson, Panunzio distinguishes between these three types of associations on the basis of their more general characteristics as opposed to activities. Familistic associations are characterized by much face-to

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[14]Constantine Panunzio, Major Social Institutions, (New York: The Macmillan Company, 1939), p. 14.

face contact among members, much mutual dependence, and rights and duties are implied rather than clearly defined. Contractual associations are bound by legal or other specific bonds and ordinarily they involve only one sector of life or interest such as economic, religious, or political. According to Panunzio, the characteristics of contractual associations are specific objectives, rights, and duties clearly defined, and less face-to-face contact among members. Panunzio would fit trade and business associations into this second class. His third class, compulsory associations, are characterized by a dominant member who seldom is concerned with the welfare of the members. In the extreme case, he may force the association upon others.

Panunzio has contributed the broadest possible classification for a theory of associations. His classification includes voluntary and involuntary associations as well as a tight-knit small group versus large informal groups. Of primary importance to this study is his recognition that little face-to-face contact among members may exist in his contractual associations which include trade and business associations. In the absence of face-to-face contact, Panunzio hypothesizes that there is a primary bond that holds together every association, and that any association ordinarily disintegrates whenever the primary bond ceases to exist. For trade and business associations, this bond will normally take the form of an economic interest centered in some aspect of the business or professional world. The economic world provides the interest, and the ability to promote this interest through formal association creates the bond.

R. M. MacIver states this concept most clearly as follows: Associations develop as means or modes of attaining interests. "An association is likely to be formed whenever people recognize a like, complementary, or common interest sufficiently enduring and distinct to be capable of more effective promotion through collective action."[15]

Thus, the existing economic environment generates the primary interests that involve the protection and promotional functions of hypothesis I and trade and business associations originate to fulfill mutual interests.

Robert Angell in his The Integration of American Society and W. Lloyd Warner's The Social Life of a Modern Community, Volume I of the classic Yankee City Series, both make vital contributions to the general pattern of analysis of this particular study of trade associations. The results of Angell's research on associations lead him to conclude that the forces that have produced and maintained the capitalistic system, namely, struggle groups and benevolence, are in large measure responsible for the rise of associations.[16] With increasing urbanization the old-fashioned community contacts declined as a form of interaction, and correspondingly, urbanization paralleled by an increasing division of labor gave impetus to specialized interests. The natural outgrowth of these two developments was the

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[15]R. M. MacIver and C. N. Page, Society - An Introductory Analysis, (New York: Rinehart and Co., 1949), p. 439.

[16]Robert Angell, The Integration of American Society, (New York: McGraw Hill Book Company, Inc., 1941), p. 180.

rise of interest groups or associations. He places emphasis on the "voluntary" aspect of the association movement. In his view, associations voluntarily evolved to meet the needs of an emerging society and they are not necessarily an outgrowth of conflict. In Angell's terms, a basic difference between a labor union and a trade association is that a labor union is a struggle group and strictly an outgrowth of conflict, while a trade association is an outgrowth of needs created by a changing economic environment characterized by a voluntary participating membership not necessarily in conflict with external forces. The need orientation concept as stated in hypothesis I is, of course, vital to this present study of trade and business associations. In analyzing the associations of Yankee City, Warner and Lunt perceived the existence of a hierarchical structure among these organizations.[17] For example, there were both superordinate and secondary or satellite types of associations in Yankee City. The superordinate association acted as a coordinator by linking other secondary associations such as schools and businesses together. In fact, an "interconnectedness" was found to exist primarily through association that permeated the entire political, social, and economic structure of the community. The Warner study emphasizes the knitting or cohesive role of associations with respect to the separate entities of American life and hence gives impetus to further research directed at

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[17]W. L. Warner and Paul Lunt, The Social Life of a Modern Community, (New Haven: Yale University Press, 1941), p. 314.

understanding more about this role. In keeping with the premise that associations tend to interconnect the institutions from which they derive is the supposition that they would also tend to support each other, i.e. tend to influence each other and integrate their actions in a kind of supreme effort. Therefore, trade and business associations in one activity type will influence associations in another activity type and the broader range of trade associations arising from the great economic institution of one culture will influence other great institutions, such as political, educational, or governmental organizations. This study takes account of these broader relations and pays particular attention to the differences between coordinate and satellite types of associations and how their respective characteristics shape into the concept of interconnectedness Warner found in Yankee City.

The Warner and Lunt study is a first real attempt to look at the multiplicity of associations in American life in analytical fashion. For example, what roles do individual associations play in the greater society, and how does the performance of these roles influence the individual association, other associations and the total environment? In testing hypotheses I and II of this present study, a knowledge of these interacting performance factors of individual associations and environmental influences is particularly important.

Moving further away from general functional and societal views of voluntary associations, Dr. Herbert Goldhammer's study of participation in voluntary associations completed in the early 1940's answers

questions about the relationship between variations in age, education, and certain personality characteristics to variations in the degree to which persons participate in voluntary associations.[18] His questionnaire responses from 4,000 Chicago residents provided some interesting answers to these questions. Participation in voluntary associations was found to vary directly with education for educational levels above primary school.[19] Education also varied directly with number of officerships, amount of dues paid, and type of association preferred.[20] Generally speaking, educational attainment broadens one's interests, develops a sense of social importance and responsibility, and generates certain aspirations around one's status position in the community. It can be expected that these same findings would also hold true for trade and business associations, because the same forces are at work. Since these associations are normally composed of business and professional people, both formal education and professional problems tend to support an interest in participation.

Goldhammer's study also reveals important findings about age and participation in voluntary associations. Primarily, age and association participation are inversely related in early years and directly related in later years.[21] Participation declines in the oldest age

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[18]Herbert Goldhammer, "Some Factors Affecting Participation in Voluntary Associations," (Unpublished Ph.D. dissertation, University of Chicago, 1943).

[19]Ibid., p. 88.

[20]Ibid., p. 89-90.

[21]Ibid., p. 87.

group and the attendance frequency of young men exceeds that of old men. To the extent that one's zeal and zest for activity is greater in early and middle years as opposed to later years, this would probably also apply to trade and business associations. In the context of hypothesis I the problems facing these trade and business associations may call for participation for protective rather than social purposes, and this type of influence will motivate membership participation more on the basis of need rather than age.

According to Goldhammer, the number of officerships held in voluntary associations is directly related to length of membership and frequency of attendance. No doubt this finding is explained by the fact that one's participative effort tends to influence his political position in the association. It is reasonable to assume that this fact would also hold true for trade and business associations, however, the politics of these association memberships is relatively complex. For example, officerships are often held by people that represent firms with substantial economic power even though their participation effort is minimal.

General studies of trade associations in the American society are limited in both number and scope. C. E. Bonnett's History of Employers Associations in the United States gives a good account of the rise of trade associations in the 19th century. Bonnett emphasizes the decline of the guild system and the emergence of industrialization as the key factors in the growth of employers associations. During the 1920's and early 1930's numerous publications appeared dealing with

the history of trade associations and the services they render to industry. In 1930 Joseph Foth's book, Trade Associations, Their Services to Industry, presented some of the broader aspects of the trade association function in the industrial setting. Foth primarily emphasized the service aspect of trade promotion, and exchange of information accomplished through trade association activity. Glover, Cornell, and Madden's The Development of American Industries, published in 1932, gives a good account of some of the broader aspects of trade association development until 1920. And, in 1934 Simon Whitney's Trade Associations and Industrial Control looked closely at the performance of these associations with respect to the NIRA. During this same period the government was particularly concerned with open price trade associations and issued some publications concerning their activities. The United States Chamber of Commerce has sponsored some studies of trade associations in recent years, but the emphasis has been largely on surveys of current association structures and activities with little emphasis on broader societal relationships.

Probably the most comprehensive study with respect to overall influence was undertaken by the Political and Economic Planning Committee of Great Britain concerning industrial trade associations in that country until 1950. This study focussed on broader societal influences on trade association growth, activities, and functions such as increasing industrialization and economic crisis.

In summary, while available publications are useful in explaining the history and activities of trade and business associations they do

not provide very deep insight regarding the relationship of these associations to their immediate environment, the business world, and the total society. There is still a dirth of studies on this latter point. The present investigation hopes to fill in some of the apparent gaps in knowledge about trade and business associations. It is proposed to study trade and business associations in relation to the major environments with which they interact. In testing the hypotheses I and II, it will be necessary to place underlying functions, structures, activities, and growth patterns in historical perspective (Chapter III). Also, these organizations must be analyzed on the basis of a rational classification system. The specific criteria for distinguishing among types is integrated with discussion of the research design (Chapter II).

CHAPTER II

RESEARCH DESIGN AND METHODOLOGY

Introduction

The research design adopted provides for testing the hypotheses both in light of historical evolution of trade and business associations as well as in terms of data collected in the larger study (see Preface). The historical method is used throughout Chapter III to test these basic hypotheses. With respect to hypothesis I, an historical perspective of trade and business associations provides insight into their growth and prosperity in our emergent society. Through the use of research data obtained from questionnaires, published histories, and supplementary association pamphlets, a detailed historical typology of trade and business association growth by functional type is constructed. Fundamental conclusions are next drawn about need fulfillment and how membership perception of need fulfillment affects association growth and prosperity. This process particularly involves protection and promotion of mutual interest.

The historical perspective is also useful in testing hypothesis II. Any meaningful examination of the psychological, sociological, and economic forces set forth in this hypothesis must be given historical depth. Chapter III provides this depth by emphasizing three basic

periods that have decidedly affected trade and business development as follows:

1) World War I and before

2) The great depression of the 1930's

3) World War II and after

The rural influences that occurred before 1900 are also considered. This study will show that these periods produced changes in trade and business associations, and that these changes result from trade and business association interaction with an emergent American society.

The corrollary to hypothesis II is also sharpened by an examination of the historical evolution of such associations. Particularly, in showing which ones have survived and flourished.

Empirical data set forth in Chapters IV and V test the basic hypotheses of Chapter I. These two subsequent chapters deal individually with the other three major environments set forth in Chapter I. Their purpose is to examine each environment in the context of the fundamental hypotheses of this study; the end result supports the tenability of these hypotheses, and answers basic questions about the relationship of trade and business associations to American life. Most of the data used in these two chapters were obtained from the responses to the questionnaire previously mentioned in the preface. These responses are cross-tabulated by functional type of association to determine patterns of growth, activity, function, and structure in American trade and business associations.

Finally, Chapter VI utilizes the case study method to support the findings of the previous chapters. The data used in this chapter are provided by supplementary materials made available by the particular associations studied, published historical facts about these associations, and pertinent questionnaire responses. This chapter clarifies the role of emergent forces in effecting membership need fulfillment and subsequent growth patterns of selected associations. Thus, this latter chapter contains an intensive analysis of specific cases in the association population.

Definition of Trade and Business Associations

For purposes of analysis a trade or business association is defined as a voluntary cooperative organization of business competitors designed to assist its members and its industry in dealing with mutual business problems. Operationally, both organizations and individuals are viewed as constituting business competitors. Thus, a trade or business association can be composed of individuals as well as organizations (businesses). The term competitor can include intra-as well as inter-industry competition among individuals, corporations, and other cohesive enterprises. Within this context, a trade or business association may be composed of professional service people, e.g., accountants, office managers, purchasing agents, et al., who are not necessarily in competition with each other. These associations are formed to establish standards, to formulate codes of ethics, or to systematize knowledge that will further their respective industries,

the larger business world, or the greater society. Therefore, this broader definition of trade and business associations will not limit this study to associations composed of business firms dealing with mutual business problems. The expanded concept of trade and business associations can also include service groups and other individuals directly concerned with some aspect of the commercial world. In this all inclusive sense, trade and business associations are those associations that help to arrange, order, or support production, ownership, management, and exchange in the American society. This definition includes the broadest aspects discussed above, such as individual services and trade practices as well as the more traditional competitive business environment. In addition to the narrower term "trade," the definition requires that the broader term "business" be applied to the sample of associations. This accounts for certain associations in the sample that satisfy the formal definitional requirements set forth above, but that are not trade associations by the strictest definition. Both trade and business associations are the concern of this study.

Trade and Business Associations: A Population and a Sample

What constitutes the population for the purpose of this study? Ideally, this population consists of all trade and business associations that conform to the above definition. However, since there is no single all-inclusive list of trade and business associations, there is no positive way of determining the exact number of these associations

in American life. United States Department of Commerce figures indicate that there are about 2,000 national trade associations currently in existence in the United States.[1] Of course, there are many more state and local associations that are not national in scope. This figure provided a general guideline to the population of trade and business associations from which a sample could be drawn. The primary source used in compiling this population was Volume I of a series entitled National Organizations of the United States, published in 1961 by the Gale Research Company. Volume I is an Encyclopedia of American Associations, and is a comprehensive listing of all types of national associations in the American society. The Gale Research Company has been compiling this directory for several years and their efforts have resulted in the most comprehensive listing of associations in total number and variety recorded in one volume. Another valuable source referred to is the Directory of National Associations of Businessmen published by the U. S. Department of Commerce, Washington, D. C. The listings in these two publications provide the population from which the sample was selected.

Out of this population a sample of specific associations was drawn to correspond to basic criteria that had been established. Two basic criteria served as fundamental guides throughout the selection

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[1]Jay Judkins, Directory of National Associations of Businessmen, U. S. Department of Commerce (Washington, D. C.: U.S. Government Printing Office, 1961), p. 2.

process: the first was a sample of trade and business associations that were large-scale organizations, and the second was to select associations that were national in character. In distinguishing those characteristics required under these two criteria six sub-criteria were used:

1) Large-scale in number of members.

2) Large by coordinating or federating other structures of large scale.

3) Large within the trade association universe.

4) Size of staff in both absolute number and type.

5) Geographical representation in terms of regions and states.

6) Scope of activity in terms of spatial reach.

It can be noted from the above that the first four sub-criteria serve as an index to the extent of large-scaleness among trade associations, and the last two determine whether or not the particular association is of national character. In order to indicate more about the nature of large-scaleness as viewed through the selection process, each of the six sub-criteria will be developed further.

The four sub-criteria used to determine large-scaleness were not viewed individually but as a totality in relation to each association. An organization with a relatively small membership might still have been chosen if it was particularly significant in coordinating other structures of large scale, or had a large staff.

The essential characteristics looked for under the six sub-criteria were as follows:

1) Large-scale in number of members. This determination involved a comparison of membership sizes among all trade associations. From this comparison both large and small membership sizes were distinguished, thereby making it possible to isolate those trade associations with both large individual and organizational memberships. In making the final selection full recognition was given to the idea that organizational memberships should be given different weights than individual memberships. In order to account for this difference, a second selection factor was introduced into the analysis.

2) Large by coordinating or federating other structures of large scale. These other structures might be other associations or business firms. For example, an association with five organization members could be of particular significance in terms of large-scaleness if these organizations were business corporations such as Ford, General Motors, Shell, or even lesser corporations in terms of economic power. Since many trade and business associations are composed of other organizations, particular emphasis was placed on type of organization and role of the association in the coordinating process in determining large scale.

3) Large within the trade and business association population. This determination was essentially a comparison of all the criteria with respect to trade and business associations. Those that appeared to be larger than average with respect to all trade associations were given special consideration.

4) Size of staff in both absolute number and type. If a trade

or business association possesses a relatively larger staff in comparison with other associations it was given special consideration. Staff size is an indication of an amount of effort exerted to perform some task or to do something that supposedly falls in line with the purposes and objectives of the association. In fact, the effort exerted by an association as a result of a large staff operation tends to be distributed broadly with the impact being felt throughout the society. Type of staff is also important. If a particular association has a small number of organization members, but a relatively large staff it may well be of larger scale than a similar organization with numerous individual members but a small staff. Thus, staff size is a key variable used to determine large-scaleness.

5) Geographical representation in terms of regions or states was an important criterion used in determining whether or not an association was national in scope. An association was considered to be national in scope if it fits the following general description: Its membership consists of individuals who are widely distributed geographically or its membership consists of other organizations whose combined and individual memberships are widely distributed geographically. An association with few individual members or few organization members widely dispersed geographically was believed to be as important nationally as one with great numbers. If the few members represent important firms, social classes, or occupational groups spread geographically, it was thought their influence could be integrated on a national basis.

6) Scope of activity in terms of spatial reach was a final consideration used to determine national scope. It was felt that an association could be composed of memberships that were primarily localized geographically if the scope of its activity was widely dispersed geographically. For example, this criterion would apply to regional lumber or livestock associations whose activities were felt throughout the entire national economy.

Since the Encyclopedia of American Associations gives membership characteristics, staff size, headquarters location, and a brief comment about the association's activities, it was possible to apply the above criteria to the Gale listing of trade and business associations. Where supplementary sources were used, an attempt was made to obtain comparable information about the particular association. The criteria then were applied to each association on the basis of this fundamental information which included membership characteristics, size, staff size, and scope of activity.

Essentially, the sample as drawn was an attempt to bring together the group of trade and business associations from the population of all these associations that are of the largest scale and are national in scope. The sample used in this analysis can be regarded as a selective sample of large-scale national trade and business associations.

Once these criteria were carefully applied, a total of 442 associations emerge that are representative of the truly large-scale trade and business associations in America.

Since this study uses the trade association concept in the broadest sense, it was necessary to stratify the sample of trade and business associations in some meaningful way to make a useful analysis of the total research effort. The categories of trade and business associations selected conform to the Standard Industrial Classification under the sponsorship and supervision of the Office of Statistical Standards of the Bureau of the Budget. The classifications use the revised SIC codes contained in the 1957 Standard Industrial Classification manuals. The categories are as follows: agriculture; manufacturing; transportation, communications, and utilities; wholesale and retail trade; finance, insurance, and real estate; and services. For purposes of analysis the contract construction and mining categories listed separately in the SIC are combined with the manufacturing category. This combination is necessary because of the limited number of associations the sample included in the mining and contract construction fields. A final non-SIC category (national business associations) is added to account for special types of business associations. The analysis is based on seven categories of trade associations, six of which are as set forth in the SIC.

The next step was to classify each association drawn in accordance with the seven-fold plan. The key criterion used in this classification was the primary activity of the particular association as set forth in the directory. This use of primary activity was necessary because any one association might carry on a variety of activities. In making the selections the definition of activity used in W. Lloyd Warner's The Living and the Dead was followed closely. In reference

to associations, Warner defines activity as "a recognized, open and explicit level of social behavior occurring in a situation which involves the relations of members alone or the members of the association in relation to the rest of the community."[2] Accepting this definition, situations are emphasized that involve the relations of the members of the association with the rest of the community, i. e., the total society. This classification then is based upon those activities that serve to relate associations to their external social environment. In this sense, the activity serves as a point of articulation between an association as a system and those systems external to it. Returning to the broad definition of trade and business associations as helping to arrange, order, and support production, ownership, management, and exchange; this concept or process of production, ownership, management, and exchange constitutes an external system and the seven sub-categories as parts of this system. Then, by using the concept of activity as the point of articulation, each trade and business association is placed in its proper relationship to the broader system.

To give a clearer picture of how this placement of specific associations operates, Association A serves as an excellent example. This association cites its primary activity in terms of a primary aim or objective, namely, "to improve the standards of design, production,

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[2]W. L. Warner, The Living and the Dead (New Haven: Yale University Press, 1959), p. 35.

and quality of gray iron castings." From the above description, we would conclude that this association helps to order and support those who are professionally involved in the production of gray iron castings. Its primary activity would suggest it helps to arrange, order, and support production so it naturally fits our broader definition and the resulting general category of trade and business associations. Moreover, since its primary activity centers in production as opposed to ownership, exchange, agriculture, etc., it is placed in the manufacturing category. Although numerous other examples could be given, this one illustrates the process used in classifying each association. Since it is now clear that activity was the main criterion for association classification in the seven sub-categories, these seven categories will be continually referred to as "activity types" in the ensuing discussion and analysis.

National business associations meet on a localized basis, but are concerned with business problems that are national in scope. Primary examples are such service clubs as Kiwanis and Lions. Although national and state chambers of commerce are often concentrated in regional localities, these organizations are included in this category because their functional business activity is national in scope.

Since many trade and business associations are service organizations in the broadest sense, problems arise in distinguishing what should be included in the services activity type. In order to deal with this problem, the criterion of the primary activity itself is augmented with a consideration of the end result of this activity.

If the service aspect appears to be the goal or end result of the primary activity of a particular association, it was classified in the services activity type. On the other hand, if the end result of the service is to promote some type of manufacturing process or some aspect of retail trade, it was placed in the corresponding activity type which it serves. For example, an association of accountants or personnel managers whose primary activity centers in the advancement of their respective profession would be placed in the services activity type; but an association of marketing executives whose primary activity served the distribution process of a particular product would be placed in the wholesale retail trade activity type. When heavy reliance was given to the concept of primary activity, few other difficulties were experienced in this general problem area.

The sample of 442 large-scale national trade and business associations classified by activity type is shown in Table 1.

TABLE 1. Number of Trade and Business Associations in Sample by Activity Type

Agriculture	45
Manufacturing	124
Transportation, Communications, and Utilities	37
Wholesale and Retail Trade	66
Finance Insurance and Real Estate	35
Services	86
National business associations	49
Total	442

It can easily be seen from Table 1 that no attempt is made to keep an equal distribution of trade and business associations among the seven activity types. In fact, there is a wide variation in the number of associations included in each of the seven categories from a maximum number of 124 in the manufacturing activity type to a minimum number of 35 in the finance, insurance, and real estate activity type. Since this sample of large-scale national associations was drawn from the total trade and business association population, the disparity of representation among the seven activity types is an index of the extent of large-scaleness found in each activity type in the total population of such associations.

As can be seen from Table 1, manufacturing ranks highest among all activity types in large scale representation with 124 associations in the sample. If the 442 associations were evenly distributed among the seven activity types, approximately sixty-three would fall in each category. Thus, in addition to manufacturing, the services and wholesale retail trade activity types rank above average with eighty-six and sixty-six associations, respectively. Conversely, the finance, insurance, and real estate; transportation, communications, and utilities; and agricultural activity types rank considerably below average with thirty-five, thirty-seven, and forty-five associations, respectively. The remaining activity type, national business associations, is also below average with forty-nine associations represented.

The nature of the manufacturing process, for example, division

of labor, technological progress, and specialization of productive effort, may account for its greater representation of large-scale national associations. The same trends in the economic segment of our society precipitate the need for services which help to explain the second place ranking of the services activity type. The narrower interests of the finance, insurance, and real estate and transportation, communications, and utilities activity types subject them to these same influences on a more limited basis.

In summary, this sample is one of large-scale national trade and business associations designed to be representative of the total population of trade and business associations.

Major Research Tools

The basic tool used in this study was a questionnaire mailed to the sample of 442 associations. This same questionnaire was mailed to all large-scale national associations in the bigger association research and the generally useful nature of the questions asked placed few restraints on this specific study.

Initially, in preparing a valid questionnaire, hypotheses were crystalized about large-scale national associations and these were formulated into questions designed to discover important information about these associations. Such things as income, membership size and growth, organization structure, occupational groups represented in the membership, number of paid staff, and purposes of the association were regarded to be of primary importance to a successful study. The second step was to conduct a series of interviews with executive

secretaries of large-scale national associations directed at determining what types of information could be obtained, particularly how many of the essential basic questions could be answered. Responses to these interviews suggested that large national associations rarely keep detailed records of historical facts. Also, due to a variety of both membership classes and terms assigned to particular aspects of the associations' activities and structure, the necessity of clarity and preciseness in the questionnaire was recognized. The third step involved correlating the facts obtained from the interviews with information actually desired. This correlation produced a questionnaire suitable for mailing to large-scale national associations.

This questionnaire was mailed to 157 associations in a pretest sample; approximately fifteen of these associations were trade and business associations. Since 82 (over 50 per cent) of these questionnaires were completed and returned, the pre-test was highly successful. This pre-test sample was composed of national associations that did not fully meet the criteria of large-scaleness as outlined earlier in this chapter. The coding and analysis of the pre-test questionnaire led to some minor changes in the final draft of the questionnaire, particularly the classification of questions on membership. The pre-test questionnaire requested the association to identify the number, types, and classes of membership. Since responses to this question made coding difficult, it was modified to ask specifically for the number of full time and/or part time members. The question on membership growth was clarified for easier response, as the time span of

years dealing with membership sizes was revised. The number of members representative of each occupational group in a particular association's membership was also sought. The responses indicated that this type of information would not be provided so the revised version asked only for occupational groups represented. Since the pre-test questionnaire further substantiated the belief that it would be difficult to obtain historical materials in questionnaire form, it was decided to ask specifically for historical supplementary materials in the cover letter that accompanied the final draft of the questionnaire. This change was designed to provide a significant sampling of the historical aspect of the association movement in the United States. The pre-test questionnaire is set forth as Appendix A.

When this type of revision was completed, a final version of the questionnaire was prepared based on the results of the pre-test. A copy of this final questionnaire is included as Appendix B.

The responses selected for tabular presentation are from those questions directly related to testing the major hypotheses of Chapter I; these also provide a greater understanding of the four environments represented in the general approach to this study. Some of the specific questions that were used to accomplish the basic objectives of the study are discussed in the following paragraphs.

Section A of the questionnaire investigates present and past locations of headquarters and date of founding. Responses to this question determine the locational patterns of trade and business associations with respect to their activities and functions in the

business world. Conclusions can be reached about particular patterns of location by activity type, and whether there is a functional explanation of headquarters locations of particular associations.

The date an association was founded in a particular city was correlated with the original founding date, to determine any patterns of movement of headquarters. Age of association is asked in Part I, question 7, and a comparison of age among the activity types of associations helps to reveal the effect of industry age on association formation and resulting growth patterns by activity type.

Section B of the questionnaire examines the governing body of the association. Question 8 is of particular importance as it asks if the responsibility of the association's principal voluntary or paid officers require them to be in regular contact with federal, state, or local government officials. This question is used to determine the relative amount and strength of contact among the activity types of these associations with federal, state, and local governments. These responses help to determine the relationship of large-scale national trade and business associations to the total society.

Section C of the questionnaire explores employees rules, and organization structure. The present study is primarily concerned with Questions C1, C5, and C5a. Question C1 determines how many full time paid employees work at the association's headquarters. Responses to this question give an indication of the relative staff sizes of trade and business associations and lead to conclusions about the extent of administrative efforts on behalf of the activities that they represent.

In a relative sense, these comparisons reveal patterns of staff size among different industrial classifications.

Question C5 and C5a determine the number of administrative departments in the association's structure. This question acts as a guideline to the extent of departmentalization among large-scale national associations, and can be correlated with many other variables to determine its functional significance in trade and business association activity.

Section F examines organizational finances and the questions on size and sources of income are used in both an absolute and relative sense among the seven activity types. Correlations with other variables throughout the analysis result in the true relationship between financial structure and association activities, function, and position in American life.

Section G contains questions involving external and internal communication and questions 2 and 2a in this section involve educational programs directed at the internal membership of the association. Responses to these questions give a better understanding of the internal functions of these associations with respect to their individual memberships and their own immediate environment. Question 4 studies the external educational programs directed at the general public, and question 6 examines the position of the association in regard to public issues. Responses to these questions contribute to an understanding of the position of trade and business associations in the total society environment. Responses to question 6a reveal the types

of issues that are of primary concern to large-scale national trade and business associations.

Section H explores relationships with other associations and federal agencies. Question H asks if the association is affiliated with or a member of any other associations. These responses aid the understanding of the immediate environment of the association and whether or not its activities are widely dispersed among other associations or confined to its own respective memberships. Question H4 asks if the association has a formal written working agreement with any agencies of the federal government, and question 4a asks if the association carries on any cooperative activities with federal agencies. These two questions are used to determine the relationship of trade associations to the federal government, particularly in terms of the strength of these relationships both by activity type and for the population as a whole. These responses further our knowledge of the trade and business association position relative to the total society, viz., the government representing the total society. Question H5 asks if the association has ever merged with, absorbed, or branched off from another association, and determines historical growth patterns, by activity type. Particularly, whether or not the merger and division process is vital to the growth and development of large-scale national trade and business associations.

Section I relates to the membership of the association, and questions are asked about numbers of individuals and organizations that are members of the respective association. These responses are extensively used in the analysis to determine differences in membership size

and composition. Question 8 was added to reveal membership size and growth since the date of founding. This question is extensively used to determine the amount of growth of the respective activity types and among large-scale trade and business associations in American life.

Section K queries the occupational composition of the association's membership, and this study concerns itself with Question K1 which asks for the occupational representation by business, government, farming, etc. These responses reveal characteristics of individuals by occupation found in both the American trade and business association population and in particular industrial types of associations.

The basic questionnaire that included the above questions was mailed to the 442 large-scale national trade and business associations in the sample. Table 2 is a breakdown by activity type of those questionnaires sent and returned. This table shows that 334 or 75.6 percent of the 442 associations returned completed questionnaires. The agriculture and finance, insurance, and real estate activity types rank particularly high with over 88 percent of the associations in each of these two activity types returning completed questionnaires. The national business association activity type ranked lowest with 69.4 percent returning usable, completed questionnaires. Although no attempt was made to match the distribution of large-scale national trade associations against the seven activity types, Table 2 indicates a sufficient number of questionnaires was returned in each category to provide meaningful analysis and comparisons. The number of questionnaires varied from a minimum of thirty-one in finance, insurance, and real estate to a maximum of eight-four in the manufacturing activity type.

The relative variation in questionnaire number among the seven activity types reflects the true representation of large-scale national associations in each activity type. This study is purposely designed to be representative of large-scale national trade and business associations but there is still a significant number of associations falling within each activity type to make valid comparisons to prove the tenability of the hypotheses set forth in

TABLE 2. Association Questionnaire Responses by Activity Type of Trade and Business Associations

	Sent	Returned	Percent
Agriculture	45	40	88.9
Finance, Insurance and Real Estate	35	31	88.6
Transportation, Communications, and Utilities	37	28	75.7
Manufacturing	124	92	74.2
Services	86	62	72.1
Wholesale and Retail Trade	66	47	71.2
National Business Groups	49	34	69.4
Totals	442	334	75.6

this study, and to gain a greater understanding of the role of trade and business associations by examining individually the four major environments in which they interact. Chapter III that follows begins this analysis by providing an historical perspective of these associations.

CHAPTER III

THE HISTORICAL EVOLUTION OF TRADE AND BUSINESS ASSOCIATIONS

Introduction

In the previous two chapters a foundation was laid for analyzing large-scale national American trade and business associations, and this chapter is primarily concerned with testing the hypotheses set forth in Chapter I. Hypothesis I of Chapter I suggests that trade and business associations come into being, grow, and flourish to the extent that they meet certain needs of members such as promotion and protection of mutual interest. The ensuing analysis demonstrates that influential time periods, characterized by the development of special economic interests, provided great impetus to trade and business association formation and growth. Furthermore, hypothesis II of Chapter I suggests that these trade and business associations come into being, grow and flourish to the extent that their objectives are congruent with the dynamic forces of an emergent society. The historical perspective contained in this chapter does the following three things with respect to this latter hypothesis: First, it points out the nature and extent of these dynamic forces; secondly, it indicates the importance of the objectives of trade and business associations being congruent with these forces; and third, it supports the corollary to hypothesis II that the

survival of trade and business associations depends upon their ability to adjust to emergent forces in the surrounding society.

Trade and Business Associations: An Historical Perspective

This analysis begins by answering certain basic questions about the origin and development of trade and business associations. The first question asked is what are the primary factors that gave impetus to the formation of the early trade and business associations; and secondly, how did these same associations multiply into the complex system found today?

Most of the evidence available in the literature indicates that craft guilds appeared as early as 1297 when they began to regulate apprenticeships in Europe.[1] The early craft guilds in America appeared around the mid 17th century. These earliest guilds were voluntary associations formed for the mutual aid and protection of their members. Consequently, there was a distinct relationship between the functions of these guilds and the functions of many of the modern associations. But, with the rise of industries many of the early guilds assumed the function of controlling specific trades within these industries. The regulation of the industry became the chief objective of the craft guild, and in many instances it supervised the processes of manufacture in a particular branch of industry. Records show that there were attempts by guilds to control specific trades

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[1]C. E. Bonnett, History of Employers Associations in the United States, (New York: Vantage Press, 1956), p. 25.

within New York City as early as 1690, associations or guilds attempting to fix wages of skilled workers were found as early as 1633 in Massachusetts, and in 1646 a company of shoemakers of Boston petitioned for and were granted a charter to form a guild.[2] The American craft guild was an employers association from its origin, dominated by employers' interests, and primarily dealing with labor matters. Trade unions are not exact counterparts of employers' associations because the employer associations dealt with conflicts of interests not only among workers within the enterprise, but also interest conflicts between different enterprises. Since the craft guild or employers' association was the first indication that employers might organize to relieve certain conflicts of economic interest, these simple associations were characterized by the same elementary functions of modern trade associations.

This simply organized guild of the 17th and 18th century was the product of the simple industrial society that existed during that period. The advent of the factory system threatened the existence of the guild in its original form. The new economic forces generated by the introduction of new industries organized on a more modern basis caused companies to gradually lose control over the regulation of the industry. The early guilds were so concerned with monopolistic control of their respective trades that their purposes became incompatible with the new ideas of individual liberty and free competition that were generated by the greater separation of capital

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[2] Ibid., p. 35.

and industry, and employers and workmen. The tendency of these early organizations to promote their own interests without regard to the welfare of the community was outdated, and changes became necessary if they were to survive. This historical fact lends specific support to the corollary to hypothesis II which states that "survival of a given association depends upon its ability to adjust to the emergent forces in the surrounding society." Guilds declined because their existing form was not suitable to deal with these emergent forces effectively. In their fight for survival the entire nature of these associations was changed. Their activities were expanded to provide the opportunity to pool the interests and knowledge of individuals or enterprises in order to assist each other in dealing with mutual business problems; problems such as relations with the industry's employees, competing enterprises, and the general public.

The charter of the Master Plasterers Company of Philadelphia organized in 1804 indicates this pooling of interests and knowledge among individuals and enterprises.[3] The constitution of this early organization included among its purposes a section providing for improving the knowledge of those within the industry and assisting those in need. Their constitution particularly stressed the continued advancement of the science of architecture, and helping the underpriviledged members of the organization. The promotion of the general welfare of the industry is a clearly defined purpose of this organization. A look ahead a few years to the 1860's indicates that

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[3]J. G. Glover, W. B. Cornell, and J. T. Madden, The Development of American Industries, (New York: Prentice-Hall, Inc., 1932), p. 871.

these same characteristics were found in the first national trade associations. The oldest national trade associations in America were formed from 1861 to 1865, and were characterized by this same pooling of knowledge and promotion of the general welfare of their respective industries.[4] Among the earliest trade associations that exemplify this fact were the Writing Paper Manufacturers Association organized in 1861, the United States Brewers Association organized in 1862, the American Iron and Steel Association and the National Association of Wool Manufacturers organized in 1864. While there were many local associations found in the late 18th and early 19th centuries, these four associations organized before 1865 are generally credited as being among the oldest trade associations on the American scene. In fact, the Writing Paper Manufacturers Association claims to have supporting evidence that it is the oldest national trade association in the United States. However, it must be emphasized that while these earliest national associations most closely followed the pattern of such organizations as the Master Plasterers, there was also a large group of employers' associations in the early 19th century that exhibited entirely different characteristics. These associations held as their primary objective the handling of those needs and interests of their employees that did not necessarily mesh with those of the enterprise as a whole. Such things as regulation of hours of work, wages for different types of skilled jobs, and length of employment were basic decisions that had to be made within the framework of

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[4] Ibid., pp. 871, 872.

mutual consideration for both employee and employer. Thus, some of the organizations such as the Master Plasterers were operating under a similar framework of objectives as found in many of our trade and business associations today while many others were assuming the function of a company union. The nature of these latter organizations changed as the society developed from the early simple industrial state to one of an increasingly larger production and distribution complex, with the relatively limited number of mutual problems multiplied.

As this organizational state of the American economy progressed, there was also a multiplication of the number of methods that were employed to reduce conflicts arising between individuals, groups, and organizations. Although these methods developed rapidly, there was a paralleling development of a wider range of conflicts resulting from demographic, economic, and social forces. In short, the emerging demographic, social, and economic changes of an emerging society affected the business environment by favoring organizational development to deal with these new and challenging economic conditions. It is important both to trace the development of these forces and to identify the nature and extent of their existence.

Initially, it was the latter part of the 19th century when big business began to flourish; mergers were numerous, and industrial capacity was greatly increased. Correspondingly, large markets and market centers arose to handle the greater amount of goods that tended to flow from the productive facilities of the growing industries. In consequence, this growth of the smaller industries into a larger

industrial and distribution complex gave the greatest impetus to trade and business association formation.

Adam Smith and other nineteenth century economists envisioned an economy in which a large number of firms would compete in each field. The presence of intense competition would guide the economy toward optimum efficiency in production and distribution. The control of their respective industries by individual firms would be negligible; and since the firms would be at the mercy of the market place, each firm would not need to concern itself with market share, public policy, or other external problems. Instead, these problems would be satisfactorily settled through the interplay of competitive forces. The most interesting fact facing the growing economy was that in actual practice the market did not follow competitive patterns in industry growth. Competitive forces did not prevail to solve all industrial and market problems for both the interest of the respective industries and the welfare of society. In fact, the small firms of the seventeenth and early eighteenth century began to be replaced by larger firms dominating certain fields of production. A very large part of the steel, petroleum, aluminum, and automobile markets fell under the control of a few firms in each industry. The problems that faced industry and society extended into many areas as the public became concerned about preserving the merits of the competitive framework pointed out by Smith and the classical economists. They made their feelings known not only in individual and group action but also through such governmental legislation as the Sherman Anti-Trust Act of 1890. Conversely, industries, and more particularly specific firms within these

industries, wanted to assure their own competitive niches in the changing face of the industrial segment of the society. The smaller firms were in a fight for survival while the position of the larger firms was constantly being challenged in society by an enlightened public opinion as reflected in the passage of the Sherman Anti-Trust Act.

As a result of these developments, the small employers' association was no longer capable of dealing with the multiplicity of problems that arose. Many of the modern trade associations find their roots in attempts to deal with this new range of problems. Probably the most important single factor leading to association of firms and individuals concerned with trade was the changing competitive environment in the late 1800's and early 1900's. The existing economic power of large-scale enterprise of this period created threatening self-interests through enterprise attempts to gain greater shares of the market or greater control of the market place. Also as large corporate structures developed, goods tended to be distributed in wider geographical areas; and in contrast to the early smaller enterprises, these large-scale business organizations were dealing with mass markets about which relatively little was known. Many of the early trade associations were designed to fill the resulting need of facilitating information about the channels of distribution and the nature of the market place in the expanding trade regions and this need involves the promotion and protection functions of hypothesis I of this study.

Early trade and business associations were formed where people

recognized a like, complementary, or common interest sufficiently enduring and distinct to be capable of more effective promotion through collective action. The initial forces that generated these interests were centered in the competitive aspects as discussed above. Improvements in transportation were also widening markets, extending areas of competition, and making large-scale production worthwhile. Large-scale production was made possible by advances in metallurgy and engineering, and the necessary concentrations of capital that were readily affected through joint stock organization, limited liability, the growth of a capital market, and an efficient banking system. While in the beginning these interests were primarily local and confined to small geographical areas and the relative number of associations formed was quite small, the expansion of the economic aspect of the society offered greater opportunity for the creation of organized groups than did the previous simple industrial society. As the scale of enterprise grew, production tended to become not only more specialized -- a fact which encourages association between firms using the same machinery and processes -- but also concentrated in relatively large firms. Firms whose high fixed costs made them susceptible to trade depression and between whom competition was becoming a cost struggle among equals rather than a simple elimination of the inefficient, clearly saw the necessity for such agreements as could be provided through formal association.

Many writers have referred to the period 1890 to 1911 as the formative stage of trade associations, and the factors summarized above

suggest that this conclusion is quite accurate.[5] This analysis has suggested that it was the attendant problems of the emerging economy that produced this formative stage. The big industries and widening markets that have been mentioned presented new and challenging problems to American business. Businessmen were desirous of adjusting their activities more intelligently and accurately on the basis of the best technical practice and actual market conditions. Under these circumstances the so-called "open price" trade associations were inaugurated. These associations distributed and exchanged price information among their competitors. There was also a large group of closely related trade associations that distributed a wide range of trade statistics but excluded prices. Modern trade associations are an outgrowth of attempts to satisfy the crucial need for knowledge about competitors and the market place that was apparent at the turn of the twentieth century. The tendency toward bigness was a key factor in trade and business association formation. Essentially, it was the attendant complexities of bigness that generated a common interest that was sufficiently enduring to sustain collective action. Particularly, this common interest arose from the prevailing competitive situation, and competitive influences really shaped the trade and business association function. Protection and promotion of mutual interest referred to in hypothesis I centers in improvement and protection of competitive position.

Since the competitive situation was influenced by the

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[5] Ibid., p. 872.

governmental environment, and conversely, the attendant problems created by firms attempting to gain greater market control affected the government environment; many of the earliest trade and business associations were immediately concerned with legislation affecting their respective industries. While the Sherman Act of 1890 and the Clayton Act of 1914 were major control devices, numerous acts affecting specific industries were either proposed or passed in this early period. In line with hypothesis I, this legislative situation stimulated association among firms in a given industry in order to protect their interests with government.

Therefore, much of the groundwork that provided incentive for association within industry had been laid in this early period. The economic base of the American economy was expanding and the basic problems were present that could best be handled through collective industry action.

The war years introduced new and greater challenges to American industry, and provided one of the most fertile periods for trade and business association formation. According to the U. S. Department of Commerce, the number of trade associations increased rapidly between 1914 and 1919 from about 800 to 2,000 associations.[6] This increase can partially be accounted for by wartime production problems and the establishment of the War Industries Board, which desired to deal with industries in organized groups. Mobilization of production toward the war effort, including unification of industry production and more

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[6]Ibid., p. 872.

efficient distribution, was a basic factor that stimulated both trade association growth and formation. World War I influences tended to temporarily shift association emphasis away from competitive problems within the industry to the production problems created by the pressing dogma of the worldwide struggle.

Many new techniques for coping with previous problems emerged during this period. There was a rise in the use and practical application of statistical information. The need to coordinate production quotas coupled with the urgent need to allocate resources in the most efficient way from a defense point of view opened the door to the essential role of statistics. It will be shown later that much of the modern widespread use of statistical information among trade associations grew out of the needs of the war years.

Wartime shortages and production problems and controls brought many associations into close contact with government officials for the first time. This contact was encouraged by such formal agencies as the War Industries Board, and was a natural result of closer contact between government and business that was a necessary by-product of producing goods for purposes of national defense. In fact, many of the existing associations today found their basic impetus for organization in the challenge to their industry that World War I provided. Needless to say, from that time on, government's role has become increasingly important both in its interest in trade and business associations and in these associations interest in government. It is true that these associations had an earlier interest in government as exemplified in early trade legislation, but the closer contact

with government due to the war effort strengthened the bonds and ties of this relationship.

One can say that at the close of World War I trade and business associations had assumed many of the characteristics that, as will be shown later, are found to be typical of them today. The competitive aspects began to blossom from the late 1800's on, the statistical aspect became prominent during the war years, and governmental relationships were strengthened during wartime conditions. While many of the large-scale national trade associations were formed after 1920, the basic stimulus to their formation had emerged in the society by 1920. The foundation had certainly been laid in the society for continued growth of a trade and business association segment.

During the 1920's with both their formative stage and the wartime problems a thing of the past, trade associations extended a program of widespread cooperative advertising for promotional purposes. Mass communication was emerging as a definite asset that could be used by these associations to promote their respective causes. Glover reports that a survey of thirty-seven national publications revealed that the amount spent on advertising by these associations increased from less than $400,000 in 1919 to over $6,000,000 in 1929.[7] In addition, several times this amount ($6,000,000) was expended by trade and business associations in trade promotional work other than cooperative advertising in these

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[7]Ibid., p. 873.

same publications. The prosperous years of the twenties provided the economic environment that stimulated large-scale promotional activities. It was during this period that trade associations took on the true national character that is found in the large-scale national associations represented in the sample.

The depression years of the early thirties and the corresponding problems that faced American industry provided another decisive influence on the character of American trade and business associations. Although these associations had experienced a formative stage and continued their development through the problems of a world war, they had not yet experienced a basic threat to our economic system until this great depression. Industry saw the need to restrict competition and to erect safeguards against price cutting. Moreover, there was a universal concern among businessmen about general market conditions that overshadowed prior emphasis on intra-industry competition. There was an urgent need to learn more about the market place, in order to develop ways to increase sales and survive. Trade associations were faced with a distinct challenge if they were to really serve their respective industries. The mass promotional campaigns of the twenties were re-examined with a new emphasis on market research. A preliminary report made by the trade association department of the U. S. Chamber of Commerce indicated that over 200 trade associations stepped up cooperative advertising in the 1930's at a cost of several million dollars, and that 143 associations adopted specific programs of market research.[8] Trade and business

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[8]Ibid., p. 879.

associations had been forced to realize the urgent need to gain a greater understanding of all of the factors entering into the market environment.

The severity of the depression dealt a serious blow to the effectiveness of many of these associations. In fact, while their stepped up programs of market research were to become a permanent characteristic of these associations, the immediate effectiveness of these programs was slight. The short-lived National Industrial Recovery Act of 1933 was a primary influence that galvanized renewed life into the trade and business association function. The American trade association occupied a key position under this act because it thrust many of them into a position of central authority for their industries. The act provided for these associations to draw up a code of fair competition for their respective industries, and then to take an active part in developing and enforcing it in practice. The N. I. R. A. therefore established the trade association as an instrument of industrial control, and although its effectiveness in this area can be questioned, the act certainly helped to secure an established position for trade associations in the modern industrial setting. There was an apparent trend toward closer internal regulation in industry, and trade associations continued an active role in this area throughout the 1930's. While their effectiveness during the depression has been seriously challenged, the N. I. R. A. restrengthened their position and possibly avoided a substantial decline in their growth.

The outbreak of World War II interrupted the move toward

closer internal regulation of industry, but greatly stimulated association activities by bringing them once again into close and continuous touch with government. They participated, with varying degrees of responsibility, in the allocation of materials to manufacturers and played a critical role in providing statistical information about their industries for national defense purposes. The statistical aspect of association activity increased to an even larger extent during World War II. As mentioned previously, the exchange of statistical information among association members and government grew out of problems created by the first world war, but the second world war expanded this role. Trade and business associations also played an increasingly important role in facilitating relationships between government and industry for purposes of national defense. Partially as a result of these wartime influences, these associations emerged from the second world war as a vibrant and influential force in our economy.

The current state of the trade and business association segment will be dealt with in more detail in subsequent chapters; however, some of the basic trends of the post World War II years will be summarized briefly here. Since these associations occupied an enhanced position following World War II, many of them experienced their greatest gains in membership growth during this period. There was a continuation of the information function facilitated by the statistical activities of the war. The tremendous strides in mass production and automation stimulated through wartime production carried over into peacetime industry following the war.

The increases in productivity put the informational function

in a permanent status position among large-scale national trade and business associations. The governmental relationship particularly involving potential legislation that would affect specific industries was given renewed emphasis. Many trade and business associations increased their lobbying activities and there was a tendency to maintain legal counsel or offices in Washington, D. C. The cooperative promotional activities characteristic of the twenties were given renewed status and many associations originated advertising and promotional departments. Concurrently, market research was used as a tool by trade and business associations to determine the extent and effectiveness of their promotional appeal.

These associations were undergoing a period of reappraisal and expansion. The foregoing activities were extensions and refinements of similar activities that had proved useful prior to the interruption caused by World War II. The emerging complexity of the economy called for this continued expansion and refinement. A new major influence occurred following the war that added an additional function to trade and business association activity. The emergence of large-scale production and attendant service industries directed attention to the need for establishing and maintaining good public relations. In response to this need, many of these large-scale associations established public relations departments. These departments were, for the most part, designed to stimulate national opinion in behalf of the major activities that were represented.

During the course of associational development the growth of

particular industries has paralleled the growth of the trade segment by activity type. The following tables derived from data received from questionnaires answer many of the questions about the formation and development of large-scale national trade and business associations in American life. The trends in development emphasized throughout this chapter receive additional support from the analysis of questionnaire responses.

Table 3 indicates the trends in activity types by age of association in the sample. Of particular note is the predominance of the formation of manufacturing associations in the early years. While 53.4 percent of all the manufacturing industries trade associations in the sample were formed prior to 1920, only 3.3 percent were formed after 1950. This fact suggests that the majority of large-scale national manufacturing trade associations existing today find their roots in industries that were established before 1920. In fact, while only 3.3 percent of these associations were formed after 1950, 86.7 percent were formed before 1941. Although few of the total sample of associations were formed after 1950, manufacturing still ranks next to the bottom in "start-ups." Table 3 also reveals that the larger percentage of the associations in the sample were formed before 1920 with associations in the transportation, communication, and utilities fields being the only exceptions. Secondly, 77 percent of this latter group was founded between 1921 and 1950. This fact can be accounted for by the historical development of these industries, because the modern developments in transportation, communications, and utilities did not originate until after 1920.

Another interesting indication from the table is the fact that more agriculture associations were founded after 1950 than were any of the other activity types. One might infer that the recent trends in overproduction and specialization in agriculture is a major cause for this trend. The basic needs of protection of competitive position and promotion of industry welfare are being continually brought to the foreground in the agricultural setting. But further analysis of the agriculture activity type yields significant information about its relative importance in early years. In spite of the fact that more new agricultural associations have been formed since 1951, Table 3 also shows that this same activity type leads all others in the formation of national associations during the period of 1900 and earlier. When an examination is made of the individual agricultural associations founded prior to 1900, an interesting pattern prevails. The greater percentage of the large-scale national agricultural associations formed in this period were associations dealing with particular kinds of livestock. For example, associations concerned with hereford, jersey, angus, shorthorn, holstein, and shropshire cattle were all organized before 1900. In addition, a national cattleman's association dealing with the many aspects of livestock production was founded in 1898. The other agriculture associations formed before 1900 were concerned with the older fiber producers such as wool and cotton, and with the lumber industry. The National Wool Growers Association, founded in 1865, is one of the oldest in the sample. The emergent process is particularly apparent in this activity type because the early cattle and crop associations

TABLE 3. Activity Type by Age of Association

Activity Type	1900 & Earlier			1901-1920			1921-1940			1941-1950			1951-Later			Total	
	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%
Agriculture	14	36.8	(1)	4	10.6	(6)	9	23.7	(7)	7	18.4	(5)	4	10.5	(1)	38	100
Finance, Insurance & Real Estate	8	26.7	(2)	7	23.3	(5)	12	40.0	(2)	1	3.3	(7)	2	6.7	(3)	30	100
Wholesale & Retail Trade	9	20.5	(3)	12	27.2	(4)	13	29.5	(4)	9	20.5	(4)	1	2.3	(7)	44	100
Manufacturing	15	16.7	(4)	33	36.7	(2)	30	33.3	(3)	9	10.0	(6)	3	3.3	(6)	90	100
Transportation, Communications, & Utilities	3	11.5	(5)	1	3.8	(7)	12	46.2	(1)	8	30.8	(1)	2	7.7	(2)	26	100
Services	6	9.7	(6)	21	33.9	(3)	15	24.2	(6)	17	27.4	(2)	3	4.8	(5)	62	100
National Business Associations	3	9.4	(7)	12	37.5	(1)	8	25.0	(5)	7	21.9	(3)	2	6.2	(4)	32	100
Totals	58	18.0		90	28.0		99	30.7		58	18.0		17	5.3		322	100

of this late 1800 period were generally concerned with particular breeds of cattle or specific kinds of crops, but those associations in agriculture formed after 1950 are more generally organizations bringing the different kinds of cattle and crop producers together in single organizations. Examples of this finding are the National Swine Growers Council founded in 1954 and the National Wheat Growers Association founded in 1950.

The finance, insurance, and real estate, and wholesale retail trade activity types also rank above average in the formation of new associations during the 1900 and earlier period with over one-fourth of the former and one-fifth of the latter activity type being formed during this period. One can certainly include the monetary and credit problems of the 1880's and the resulting monetary and banking reforms of this period as factors affecting financial interests and generating collective patterns among particular segments of the financial world. The growth of corporate entities and limited liabilities no doubt influenced the insurance field in terms of protecting personal and property interests. These latter developments gave rise to more widely dispersed market centers which probably encouraged the expansion of wholesale retail trade associations.

National business associations; finance, insurance, and real estate; and transportation, communications and utilities have remained fairly static at between six and eight percent since 1951, while wholesale and retail trade was the least active in terms of trade association formation during this period. Service organizations

were surprisingly dominant in formation during the 1941-50 period. The wealth of statistical problems during World War II and the reconversion problems following the war certainly were a predisposing influence on establishment of the service activity type.

The most important single contribution yielded by this table is the fact that approximately 45 percent of all large-scale national trade and business associations in the sample were formed prior to 1921, and that there has been a steady decline during the three periods that followed to a small 5.3 percent after 1951. Two primary conclusions can be drawn from this finding. First, a great percentage of the large-scale national associations found today are not young relative to the sample as a whole. This fact partially results from two forces of probably equal strength. One force suggests the hypothesis that large-scale national trade and business associations take a number of years to grow, because many of the big ones are older; and the other suggests that a large proportion of the modern industries represented by these associations emerged from smaller industries founded prior to 1921. Further evidence for this conclusion is found in the fact that few new large-scale national trade and business associations have developed since 1951. Second, and probably more important, the hypothesis is suggested that the basic needs of industries are met early in their development because the large-scale associations emerge with the early growth of the industry. This conclusion is clearly indicated in manufacturing; finance, insurance, and real estate; wholesale retail trade; transportation, communications, and utilities; and services.

Added recognition must be given to the 1921-40 period as being significant in transportation, communications, and utilities industries as well as those in finance, insurance, and real estate. Also, as mentioned previously, the trends in services resulting from the influences of the World War II years and the reconversion period of the late 1940's had a pronounced effect on service associations. New needs were created between 1921 and 1945 in each of these industries, and as suggested in hypothesis I, the satisfaction of these needs can be considered basic to the growth of the respective associations. Agricultural associations experienced early growth then declined during the 1921 to 1950 period but resurged again after 1951. Recent changes resulting from research and mechanization in agriculture help to explain this trend. The pattern of development set forth earlier in this chapter is confirmed by the findings of this table. These data clearly support the fact that the basic motives for trade and business associations formation were prevalent in the economy by 1920. Moreover, the additional conclusion that the growth of younger industries and the development of statistical and service functions of trade associations had pronounced effects on trade and business association development after 1920 is also supported.

While a large percentage of trade and business associations were formed prior to 1921, average membership size for those associations reporting was quite small in these earlier years. As can be seen from Table 4, the average membership per association in the trade segment was only 1,642 individual members for the twelve associations reporting in 1910. This figure increased steadily to 21,079

TABLE 4. Trade and Business Association Membership Growth by Activity Type

Activity Type	1930 No. of Assoc.	1930 Total Members	1930 Average Members	1930 Rk. Ord.	1945 No. of Assoc.	1945 Total Members	1945 Average Members	1945 Rk. Ord.	1955 No. of Assoc.	1955 Total Members	1955 Average Members	1955 Rk. Ord.
Agriculture	4	356,100	89,026	(1)	7	1,053,000	150,429	(1)	14	2,302,300	164,450	(1)
Natl. Business Assoc.	7	271,800	38,829	(2)	8	478,700	59,838	(2)	14	986,900	70,493	(2)
Finance, Ins. & Real Estate	5	118,700	23,740	(3)	7	146,100	20,872	(3)	12	535,400	44,617	(3)
Wholesale & Retail Trd.	3	11,300	3,767	(4)	7	129,100	18,443	(4)	12	344,400	28,700	(4)
Manufacturing	8	21,200	2,653	(5)	9	42,500	4,722	(6)	17	72,600	4,230	(6)
Services	9	18,000	2,000	(6)	12	90,300	7,525	(5)	25	267,500	10,700	(5)
Trans., Comm. & Utilities	2	3,900	1,950	(7)	2	4,200	2,100	(7)	10	12,500	1,250	(7)
Totals	38	801,000	21,079		52	1,943,900	37,383		104	4,521,000	43,477	

in 1930, to 37,383 in 1945, and to 43,477 in 1955. However, problems arise in making valid inferences from these data due to the fact that the number of associations reporting in the early time periods was relatively small.

Nevertheless, the data received with the questionnaires strongly support the concept of significant growth of individual memberships within the trade segment. It is particularly interesting to note that not one association reported in its history that it had not experienced growth since its founding. There was a certain amount of bias in the histories as they are documents printed by the association itself; and, of course, there is a definite propaganda value in pointing out that an organization is a growing and vibrant one whenever possible and ignoring statements about growth when there is none. Be that as it may, the indication from the histories available is that the overwhelming percentage of trade and business associations are showing substantial growth, and many of them in recent years have been growing at an increasingly rapid rate.

Also in table 4 is a breakdown on average size of membership by activity type with percentage rankings for the years 1930, 1945, and 1955. Although there is a limited number of reporting associations, useful conclusions can be drawn from these data. It is apparent that the average size of membership among agricultural associations is significantly larger than any of the other activity types. Moreover, this trend has remained fairly constant since 1930. However, since 1945 the average membership size of these agricultural associations has grown somewhat less in absolute numbers relative to those in wholesale-

retail trade. The rise in average membership size of those reporting in wholesale retail trade is particularly interesting in view of the fact they formed few new associations after 1945 as indicated by Table 3. These sparse returns tend to suggest the hypothesis that although few new large-scale national associations were formed in wholesale retail trade, the existing ones did increase their average membership size. Since some associations reported for 1955 but not for 1945, this conclusion is only suggested because the average size of membership for those associations not reporting 1945 figures could distort these findings considerably.

National business associations report a larger average number of individual members relative to all other activity types except agriculture. The transportation, communications, and utilities, and manufacturing activity types exhibit fewer individual memberships than all others with all of them in these categories experiencing an actual decrease in average membership size during the 1945-1955 period.

It can be said, in summary, that although the returns for this table are few and scattered, there are some relatively safe conclusions suggested from the above analysis. First, the agricultural association since 1930 definitely tends to have a larger number of individual members when compared with the other activity types. National business associations and wholesale retail trade associations fall second and third, respectively with the latter activity type experiencing significant increases in its average number of members since 1945. Finally, the manufacturing and transportation, communications, and utilities activity types exhibit a relatively small

average number of individual members among the associations in their respective segments. This latter finding does not suggest that these associations are less powerful or representative in the society, because the majority of them are characterized by member organizations and the number of individual members in these member organizations is not disclosed.

As an aid to understanding growth more fully, it is useful to look at the process of merger or division among the various activity types of trade and business associations. The histories indicate that there are three primary reasons for merger or division among trade associations as follows:

1) To extend the scope of the association's coverage geograhically, for example, to merge two or more regional associations such as eastern and western states.

2) To extend the scope of the association's coverage functionally, for example, steel with aluminum.

3) To divide or branch off in order to satisfy specialized interests that may develop within the particular industry.

Table 5 indicates that the above three influences tend to predominate more in the manufacturing and transportation, communications, and utilities activity types than in the others, and that these same influences are less likely to be found in wholesale retail trade and agriculture. Approximately one-third of all associations reporting in the manufacturing and transportation, communications, and utilities activity types have experienced some form of merger or division, while only about one-tenth of the agricultural associations and only a

TABLE 5. Trade and Business Association Processes of Merging and Dividing by Activity Type

Activity Type	Have Merged or Divided		Rk. Ord.	Have Not Merged or Divided		Total	
	#	%		#	%	#	%
Manufacturing	32	35.2	(1)	59	64.8	91	100
Transportation, Communications, & Utilities	9	33.3	(2)	18	66.7	27	100
Services	15	25.0	(3)	45	75.0	60	100
Finance, Insurance, and Real Estate	7	23.4	(4)	23	76.6	30	100
National Business Associations	7	20.6	(5)	27	79.4	34	100
Wholesale Retail Trade	6	13.4	(6)	39	86.6	45	100
Agriculture	4	10.3	(7)	35	89.7	39	100
Totals	80	24.5		246	75.5	326	100

slightly larger percentage in wholesale retail trade have undergone this type of structural change. Those in the remaining activity types fall in a middle range with between one-fourth and one-fifth reporting mergers. One must conclude that mergers do play a significant role in the growth process of trade and business associations, and that the problems facing manufacturing and the transportation, communications, and utilities industries are predisposing influences toward merger. Particularly, the competitive conditions that face these industries are constantly changing. For example, in manufacturing when a firm or firms emerge as industry leader(s), it is likely that existing trade association structure will be altered to the extent that smaller firms in the industry find it necessary to merge their associations to compete with industry giants. Conversely, the emergence of industry giants may dictate a change in existing association structure that is more adaptable to new firm problems. This new structure may call for an emphasis on governmental relations to avoid trust law violation, or for a vehicle that can be used to keep smaller firms in line.

In the area of transportation, communications, and utilities the concept of controlled monopoly makes the trade association perform a vital function with regard to governmental relations. While government often serves as a watchdog for the public interest in many of the industries represented in this activity type, the trade association promotes and protects the interests of its industry. Changing public views, new discoveries, and urban growth pose threats to the stability of many industries in transportation, communications, and

utilities and often invite merger of existing associations to meet new needs. Thus the promotion and protection needs of members referred to in hypothesis I are altered as industry conditions change and merger or division of existing trade and business associations may result.

Summary

Table 6 puts the major findings of this chapter in summary form; it demonstrates the important relationship between the dynamic forces set forth in hypotheses II and the nature of trade and business associations. The growth and development of these associations have been distinctly influenced by basic forces in our society. Trade and business associations were an outgrowth of the early guild system, and exhibited certain new characteristics necessitated by a changing society. The objectives of the early guilds were not congruent with the dynamic forces of the society because their functions and ideals were too narrow to fit into a more complex society. Similarly, in the context of hypothesis I, guilds did not grow and flourish because they no longer met the needs of their membership. Dynamic forces were producing a complex urbanized society that was becoming increasingly competitive. A new organization with a broader membership base and more sophisticated economic knowledge was needed to protect competitive position and promote membership welfare. The modern trade and business association emerged with these fundamental characteristics and objectives.

Table 6 clearly indicates that the trade and business association that was a product of the economic environment at the turn of the

TABLE 6. Major Impact of Emergent Forces on Trade and Business Associations Development by Year

Emergent Force Identified	1900 & Earlier	1901-1920	1921-1940	1941-1950	1951-Later
Political & Economic					
Rise of corporation Large-Scale Industry Growth	Decline of guilds-Formative stage activities include market information & protection of competitive position				
World War I		Increase in number of trade & business assoc. New techniques emerged, e.g. statistics, prin. of organ. Close contact with government			
Prosperous 20's			Foundations for modern assoc. Function & purpose refined; cooperative advertising		
N. I. R. A.			Market Research N. I. R. A. galvanized renewed life into declining assoc. Internal regulation of industries		
World War II				Restrengthened government ties. Statistical information increased as did gov't. activity	

TABLE 6 (Cont.)

Emergent Force Identified	1900 & Earlier	1901-1920	1921-1940	1941-1950	1951-Later
Political & Economic					
Post War Period					Reappraisal & expansion; growth in memberships. Establish. of public relations dept., a sophisticated approach to their protection & promotional activities
Sociological & Psychological					
Decline of Individual Power	Trade & business assoc. emerged as a means of sustaining industrial interests				
Increasing Urbanization		Provided the environment for growth and development of assoc. by membership.			
Importance of the Group & Group Dynamics			Group activities gain increasing recognition in satisfying human wants and needs		
The Welfare Concept				Enabled trade and business assoc. to expand base of representation and scope of influence	
Mass Communications					

twentieth century did not remain stagnant. In line with hypothesis I and II of this study, it had to adapt to changing needs and forces if it was to flourish. The influences of two world wars and a major depression produced marked effects on these associations. The importance of sound relations between business and government were eminent in war time and carried over into peacetime. Those associations that organized, grew, and flourished were the ones that were most able to fulfill membership protection and promotional needs in the important governmental sphere. The growing industrialized society also presented challenges in the private economic sector. Even before the great depression, trade and business associations realized that their survival depended upon their ability to refine operational techniques that could be used to meet their promotion and protection functions. New techniques were used extensively in the 1920's and were re-evaluated and extended during and following the great depression. In recent years further refinement of techniques and more sophisticated objectives have been prerequisites for trade and business association success. As Table 6 indicates, there were many important psychological and sociological forces in the society that produced changing patterns of individual and group behavior which reinforced political and economic forces in producing effects on the trade and business association segment. In line with hypothesis I, individual need fulfillment in an urbanized society has given great impetus to protection and promotional activities of these associations.

Finally, this analysis has indicated the close relationship between industry development and trade and business association

formation and growth. These associations are representative of the objectives and needs of the great industries that have developed in our society.

In subsequent chapters, empirical research methods are used to test the hypotheses of this study in the context of the current activities and functions of trade and business associations as they relate to their immediate environment, the business world, and the total society.

CHAPTER IV

THE ACTIVITIES AND FUNCTIONS OF TRADE AND BUSINESS ASSOCIATIONS AS THEY RELATE TO THEIR OWN IMMEDIATE ENVIRONMENT AND THE BUSINESS WORLD

Introduction

Chapter III revealed that large-scale trade and business associations have been critically influenced by the emergent American society, and today they exhibit a different face than was seen one hundred, fifty or even twenty years ago. This chapter is designed to explore in detail the nature of these associations as they exist today. Specifically, the key objective of this chapter is to focus on the tenability of hypothesis I through the use of empirical data. This hypothesis suggests a distinct relationship between trade and business association development, and the extent of membership need fulfillment by given associations. The relationship is examined in the context of the internal climate and the immediate environment of these associations. Specific attention is directed toward greater understanding of internal elements of trade and business association activity in the crucial areas of headquarters location; organization, membership, and staff characteristics; financial characteristics; and internal educational programs.

Environmental Factors Affecting Trade and Business Association Location

The fact that trade and business associations are demonstrating an emergent trend adds significance to their choices for headquarters locations. A key question that this chapter answers deals with the effect that functions performed by these associations have on the location of their respective headquarters. Since trade association headquarters tend to be concentrated in three major metropolitan centers, one of them the chief governmental center, and the other two the chief corporate centers, it is obvious that successful pursuit of their activities has a direct influence on their choice of a location. There is a distinct and significant relationship that evolves in this chapter between this concentration of headquarters and the development of both purpose and function in earlier chapters.

Table 7 shows the location of the headquarters of the large-scale national trade and business associations in the sample, and gives a revealing indication of their close proximity to business, financial, and government centers. New York, Chicago, and Washington are the dominant sites for locating headquarters of large-scale national trade associations. Over 70 percent of the sample are located in these three major cities; the exceptions are national business associations and agriculture. Many national business associations are precluded from locating in these three cities because their activities focus on the interests of particular states. This fact accounts for their smaller percentage ranking. Also, when these latter two

activity types are included in the computations, the percentage is still a high 69 percent.

Since these three metropolises are the centers of many of the major large-scale activities in this country, it is not surprising to find that large-scale national trade associations also tend to locate headquarters in these areas. It does, however, suggest that the trade and business associations functional activities are of enough importance nationally to justify headquarters sites in these centers. Table 7 suggests an apparent relationship between activity type of association and its headquarters location. New York and Chicago as financial centers attract a larger percentage of financial, insurance, and real estate associations. Over 30 percent of the national headquarters of the financial, insurance, and real estate; services; and manufacturing large-scale national trade associations in the sample are located in New York. Slightly under 30 percent of those associations in the wholesale retail trade activity type are also located in New York. Consequently, New York emerges as the most frequent single location of headquarters of these four activity types. A penetrating look at the individual associations included in the three activity types primarily located in New York reveals some important trends. The financial, insurance, and real estate activity type exhibits a particular pattern with respect to type of association and choice of national headquarters location. For the most part, the banking associations are most heavily concentrated in New York, but some of these associations are also located in Chicago. The insurance associations are also heavily

TABLE 7. Present Location of Headquarters by Activity Type

Activity Type	Chicago			New York			Washington			Other			Total	
	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%
Financial, Insurance, & Real Estate	8	25.8	(1)	11	35.5	(1)	4	12.9	(7)	8	25.8	(3)	31	100
Manufacturing	22	23.9	(2)	29	31.6	(2)	20	21.7	(4)	21	22.8	(4)	92	100
Wholesale & Retail Trade	11	23.4	(3)	13	27.7	(3)	13	27.7	(2)	10	21.2	(5)	47	100
Transportation, Com., & Utilities	5	17.9	(4)	3	10.7	(4)	20	71.4	(1)	0	0.0	(7)	28	100
Services	11	17.7	(5)	22	35.5	(1)	11	17.7	(5)	18	19.1	(6)	12	100
National Bus. Assoc.	5	14.0	(6)	2	5.9	(5)	5	14.7	(6)	22	64.7	(1)	34	100
Agriculture	4	10.0	(7)	1	2.5	(6)	10	25.0	(3)	25	62.5	(2)	40	100
Totals	66	19.8		81	24.3		83	24.9		104	31.1		334	100

concentrated in New York with a few of the insurance control associations, such as the National Association of Insurance Agents, located in Washington, D. C. The real estate associations most frequently identify Chicago as the site of their national headquarters. Associations with headquarters in other cities tend to locate in major cities that are identified with their industries as indicated by the number of national insurance associations located in Hartford and Philadelphia. These findings suggest that the financial and insurance associations account for New York's high percentage of national headquarters in this activity type, and the real estate associations help account for Chicago's second place position. Some financial associations are also found in Chicago. The insurance associations are the most likely of the three groups to be found in Washington, but they also contribute greatly to the 25,8 percent that locate headquarters outside the three major sites.

The manufacturing activity type contains a unique pattern of headquarters location by type of individual association. The 31.6 percent of this activity type located in New York are largely associations representing a variety of industries, or the more general aspects of a particular industry. Primary examples are both the National Association of Manufacturers which is a general organization in terms of widespread industry representation, and the United States Brewers Association promoting the brewing industry, both located in New York. While Chicago attracts some of the more general representative organizations, it tends to have many of the narrow interest associations such as those representing farm equipment and mobile

homes. Washington attracts both broad and narrow interest associations in manufacturing but to a lesser extent. A useful finding is the fact that those associations locating outside these three cities primarily consist of particular national manufacturing associations locating near the centers of their respective industries. For example, many of the national iron and steel associations are in Pittsburgh and Cleveland, automobile associations in Detroit, petroleum in Texas and Oklahoma, and lumber associations in the northwestern United States.

The services activity type, which ranks high in its percentage of New York City headquarters, contains service associations in a variety of fields. Those associations primarily concerned with industry services such as management and advertising tend to locate in New York. Those dealing with credit management and accounting services are evenly distributed in New York, Washington, and Chicago. The 29.1 percent of this activity type with headquarters located elsewhere are, for the most part, associations offering more special services such as motor hotels, photographers, etc. In consequence, the industrial influence of the New York area tends to show up in services as well as manufacturing associations.

Finally, the wholesale retail trade activity type, which is fairly evenly distributed in terms of national headquarters in the three major cities, contains similar locational patterns to the above three activity types. New York again attracts a great majority of wholesale retail trade associations directly concerned with industrial products; noteworthy examples are associations concerned

with trademarks, standards, and particular industries such as the shoe industry. Chicago attracts a great majority of national trade associations in the food distribution field such as the National Association of Retail Grocers, which claims to be the largest trade association in the United States. Washington, D. C. is identified with a variety of wholesale retail trade associations, and it is difficult to determine any definite trend other than some basic interest in the legislative aspects of the distribution process among these associations.

Totals in Table 7 for the three major cities yield a surprising result. In spite of the fact that New York is the most frequent location for the aforementioned four activity types, Washington, D. C. is the most frequent location of headquarters of all trade and business associations with 24.9 percent compared with 24.3 percent for New York. A distinct relationship between the governmental sphere of our society and trade and business association activity is suggested. Although this relationship will be dealt with extensively in a later chapter, of particular note here is the fact that over 70 percent of the transportation, communications, and utilities associations in our sample are located in Washington. The relationship between these industries and the federal government is obvious; the large percentage specifically suggests facilitating activities among these associations and the federal government. Agriculture and national business associations also show up with considerably higher percentages in Washington than in New York. The close realtionship between agricultural problems and federal legislation, and the functioning of national business associations in the governmental

sphere account for this finding.

Chicago has a goodly representation of headquarters from each of the activity types, but regardless of its midwestern location, it only attracts 10 percent of the agricultural associations, which is considerably less than its representation of the other activity types. Both the national business associations and agricultural associations in our sample predominantly locate their headquarters outside these three major centers.

Closer examination of the particular associations included in these categories explains this finding. Although national business associations lead all activity types with twenty-two associations (64.7 percent) locating headquarters outside New York, Washington, and Chicago, twenty of these associations are state chambers of commerce, and consequently, their headquarters are located in their respective states. Only two associations other than these chambers of commerce located their headquarters outside the three major sites. The large national chambers of commerce such as the United States Chamber of Commerce and the Council of State Chambers of Commerce are located in Washington, and the international chamber is located in New York. The governmental complex in Washington and the interest of the national chamber in governmental affairs account for the Washington location. The remainder of the national business association category is primarily made up of the national service clubs such as Lions, Kiwanis, and Circle K; they tend to locate their national headquarters in Chicago. Since the activities of these service clubs are widely dispersed geographically, it is not surprising

that they would choose Chicago's central geographic location for their headquarters. Although national business associations have the highest percentage of associations with headquarters outside New York, Washington, and Chicago it is now clear that aside from the state chambers of commerce virtually all of the other associations in this activity type are located in these cities, and the unique nature of state chambers of commerce preclude their location in these three cities.

The agriculture activity type, which ranks a close second to national business associations in locating headquarters outside the three major cities presents a somewhat different picture. An analysis of the individual associations in this category indicates that the greater percentage of agricultural associations that locate headquarters elsewhere are crop or cattle associations that locate near the particular areas where these commodities are primarily raised. Most of the national cattle and national wheat associations are located in the midlands and western states where these food products are raised. National cattle and wheat associations headquarters are concentrated in Texas, Nebraska, Kansas, Missouri, and Iowa. National tobacco, fruit, and vegatable associations also locate near their growing areas in such states as North Carolina for tobacco and California and Florida for citrus fruits. The other agricultural associations that are concerned with a wider variety of products or wide geographic areas of production tend to follow the general trends and locate in Washington and Chicago. Prime examples are the American Farm Bureau Federation that has located its headquarters in Chicago, and many of the national agricultural associations most directly

concerned with governmental legislation that are located in Washington. Forestry and wildlife management organizations with widely dispersed geographic interests are included in this latter group.

The transportation, communications, and utilities activity type which reports no associations outside the three major sites, is, of course, heavily concentrated in Washington, D. C. Close examination of the individual associations in this activity type indicates that most of the public power and transportation control associations are located in Washington, but a few of the more technical associations are located in Chicago and New York. Examples of these are the American Railway Engineering Association in Chicago and the Edison Electric Institute in New York. The general indication therefore is the fact of government or industry control that accounts for the Washington location, and those associations located in the other two cities are less likely to be characterized by a control function and more likely to have narrower technical interests.

Generally speaking, it can be concluded from the above analysis and the data in Table 4 that large-scale national trade and business associations as well as large-scale organizations of other types such as corporations, government agencies, and banks tend to locate in the major metropolises of New York, Washington, D. C., and Chicago. In reference to hypothesis I of this study, membership need fulfillment tends to influence a given association's choice of a headquarters site. Furthermore, performance of the protection and promotional functions of hypothesis I that are continually developed in this

analysis involves the opportunity for governmental contacts and the proximity to industrial and market centers provided by these locations.

Organizational Membership and Staff Characteristics of Large-Scale National Trade and Business Associations

An important aspect of the functional nature of trade and business associations is their proliferation of activity through affiliation with other associations. Affiliation is one element of the dynamic pattern of organizational and structural characteristics of trade and business associations that helps explain their individual effectiveness in meeting membership needs referred to in hypothesis I. Affiliation is a tool used by associations to make their influences felt in their total environment of industry and society. Affiliation represents a bond of interest and activity that naturally increases the scope of influence, the activity range, or scope of the association. This bond of interest can take numerous forms ranging all the way from written working agreements and representation on the boards of directors of other associations to informal working agreements and pooling of knowledge and information between associations. Those associations with larger numbers of affiliates can be regarded as using this tool of influence to a relatively greater extent. Another significant aspect of affiliation is that it gives an indication of the degree of cohesiveness found among the seven activity types.

Table 8 indicates percentage and rank order of the large-scale national trade and business associations by number of affiliations only, and no attempt is made to isolate affiliates from the

parent association. Extreme care was taken, however, to uncover any unusual patterns of affiliation such as activity types with few affiliates in numbers, but where affiliation channels ran directly to one dominant parent association. If this occurs the result is a very tight knit association complex. The most prominent case of this type is the National Association of Manufacturers which solidifies the manufacturing activity type as a whole through its ties with a large number of affiliated associations.

Table 8 reveals that over 50 percent of all the associations have at least one affiliate. Agriculture, with 46.2 percent reporting no affiliations, and wholesale retail trade, with only 15.6 percent reporting no affiliations, are the two extremes. While wholesale retail trade associations report that 84.4 percent have affiliations with other associations, none reported more than five affiliates. Correspondingly, national business associations report a significant 65.6 percent with affiliation but, again, only 3.1 percent of the associations in this activity type have more than five affiliates. Large-scale national manufacturing trade associations report over 21.4 percent having over five affiliates. The functional nature of the manufacturing activity type seems to call for a larger number of affiliates. This finding can be partially explained by common problems that face many industries such as labor relations, governmental legislation, and the cooperative promotional activities pointed out in Chapter III. It can be concluded that the manufacturing activity type is most cohesive in terms of the extent that affiliation is used by its associations. The fact that wholesale retail trade associations

TABLE 8. Number of Affiliates by Activity Type

Activity Type	Number of Affiliates 1-5 #	%	Rk. Ord.	Over 5 #	%	Rk. Ord.	#	%	Rk. Ord.	Total #	%
Wholesale Retail Trade	38	84.4	(1)	0	0.0	(7)	7	15.6	(7)	45	100
National Business Assoc.	20	62.5	(2)	1	3.1	(6)	11	34.4	(6)	32	100
Services	35	58.3	(3)	6	10.0	(5)	19	31.7	(5)	60	100
Manufacturing	46	54.8	(4)	18	21.4	(1)	20	23.8	(4)	84	100
Trans., Comm., & Util.	13	48.1	(5)	5	18.5	(2)	9	33.4	(3)	27	100
Fin., Ins., & R. Estate	13	41.9	(6)	5	16.1	(4)	13	41.9	(2)	31	100
Agriculture	14	35.9	(7)	7	17.9	(3)	18	46.2	(1)	39	100
Totals	179	56.3	(1)	42	13.2	(3)	97	30.5	(2)	318	100

are particularly prone to affiliation but only in terms of a few affiliates per association suggests that this activity type is not nearly as cohesive as manufacturing, although certain problems faced and functions performed by these organizations do call for between one and five affiliates for most associations. The problems faced by marketing organizations, are different from those of manufacturing. While it is true that their interests are strong in areas of legislation, labor relations, and promotion, the findings suggest that there is less unity needed in performing their functions successfully. An example of this difference is found in the promotional interests of the two activity types. Manufacturers are often concerned with gaining a general type of acceptance for their industry's product, but wholesale retail trade is likely to be more interested in the competitive side which requires distinguishing brand names or types within the industry.

The functions of national business associations are also revealed in their affiliation pattern. Since by their very nature many of these associations are state and locally oriented, it is not surprising to find that they rank next to the bottom with only 3.1 percent reporting over five affiliations. Their localized interests tend to limit the scope of their influence and this fact suggests that cohesiveness of this activity type is not high. The American Farm Bureau Federation plays a crucial role in bringing together the divergent locations, backgrounds, and interests of American farm families, and the cohesiveness of the agricultural activity type is certainly strengthened by this dominant parent organization.

It is apparent that promotion and protection of members' mutual interest referred to in hypothesis I affects affiliation patterms. Manufacturing associations find it necessary to affiliate with a large number of other associations to be most effective. Wholesale retail trade and national business associations also affiliate but with a fewer affiliates per association than manufacturing. All remaining activity types affiliate with other associations in a more balanced fashion between large and small numbers of affiliates. Certainly, affiliation is a key factor in effective performance of functions that meet the needs of individual association memberships.

While affiliation involves an external modification by associations to strengthen their effectiveness, departmentalization within the association is an internal modification that is used by associations to increase their ability to perform protection and promotional functions. A knowledge of internal departmentalization among trade and

business associations indicates the extent of formalization of structure required if an association is to successfully meet the needs of its membership. Where Table 8 shows that some activity types are more prone to affiliation than others, Table 9 indicates a similar finding about internal departmentalization. For purposes of analysis, a high degree of departmentalization is defined as those associations with four or more distinct administrative departments. Agricultural associations which rank low in affiliation report the least degree of departmentalization with only 27.5 percent of these associations exhibiting four or more distinct administrative departments. This comparative pattern does not exist among all activity types in the two tables because financial, insurance, and real estate associations have very few affiliations and yet they exhibit a relatively high degree of departmentalization. This fact is also true for national business associations but to a lesser extent.

The functional activities of both finance and manufacturing associations attract departmental organization most frequently while the functional activities of agricultural associations do not produce the same effect.

Further support for the above findings is obtained from the fact that an average of 47.3 percent of all associations in the sample report a high degree of departmentalization, and it is the associations in wholesale retail trade; transportation, communications, and utilities; and agriculture that fall significantly below this average. The conclusion is that in fulfilling membership needs the activities of these

TABLE 9. Extent of Departmentalization by Activity Type

Activity Type	High Departmentalization (4 or more Distinct Admin. Departments) #	%	Rk. Ord.	Low Departmentalization (Less than 4 admin. Departments) #	%	Total #	%
Finance, Insurance, Real Est.	21	66.7	(1)	10	33.3	31	100
Manufacturing	50	54.3	(2)	42	55.7	92	100
National Business Assoc.	16	47.1	(3)	18	52.9	34	100
Services	29	46.8	(4)	33	53.2	62	100
Wholesale & Retail Trade	20	42.6	(5)	27	57.4	47	100
Trans., Comm., & Utilities	11	39.3	(6)	17	60.7	28	100
Agriculture	11	27.5	(7)	27	72.5	40	100
Totals	158	47.3		176	52.7	334	100

latter three activity types are less likely to require a high degree of departmentalization than do the others.

Additional questions about the trends in departmentalization are answered in Table 10 which examines the membership characteristics of trade and business associations. The manufacturing and the financial, insurance, and real estate associations rank highest in organizational memberships with approximately 75 percent of manufacturing and 59 percent of financial, insurance, and real estate associations reporting organizational members only. Since these same two activity types report the highest degree of departmentalization, a relationship is suggested between organization structure and type of membership. Although transportation, communications, and utilities associations report a lower than average extent of departmentalization, they still have a greater than average number of organizational members. This finding does not contradict a suggested relationship between the number of organizational members and extent of departmentalization because the transportation, communications, and utilities associations also have a much greater percentage of individual memberships than either manufacturing or finance, insurance, and real estate associations.

A substantial 46.7 percent of all the associations in the sample have organizational members only. Excluding national business associations and agriculture, this percentage rises above 50 percent. An important thing to note in Table 7 is that these same two activity types (national business associations and agriculture) had the fewest total headquarters locations by percentage in the three

TABLE 10. Type of Membership by Activity Type

Activity Type	Individual Members Only			Organization Members Only			Combined			Total	
	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%
Agriculture	13	40.6	(1)	6	18.8	(6)	13	40.6	(2)	32	100
Services	20	36.3	(2)	21	38.2	(5)	14	25.5	(3)	55	100
Trans., Comm., & Util.	8	32.0	(3)	13	52.0	(3)	4	16.0	(6)	25	100
Natl. Business Assoc.	8	27.6	(4)	3	10.3	(7)	18	62.1	(1)	29	100
Wholesale & Retail Trade	11	27.5	(5)	19	47.5	(4)	10	25.0	(4)	40	100
Finance, Ins., & Real Estate	5	18.5	(6)	16	59.3	(2)	6	22.2	(5)	27	100
Manufacturing	15	14.1	(7)	59	75.6	(1)	11	10.3	(7)	85	100
Totals	80	27.3		137	46.8		76	25.9		293	100

major centers of New York, Washington, and Chicago. This fact suggests at least a partial relationship between headquarters location and type of membership. Interestingly enough, the agricultural associations in the sample report the largest percentage of individual memberships, the lowest extent of departmentalization, and are second only to national business associations in locating their headquarters outside of the major centers of New York, Washington, and Chicago. This fact alone suggests more than a casual relationship among these three variables.

National business associations rank high in the combined membership category with 62.1 percent reporting this type of membership. The nature of the organizations included in this activity type suggest the reason for this finding. Manufacturing associations rank at the bottom in combined memberships as well as individual memberships, thereby indicating that organizational memberships are more characteristic of this activity type of trade association than any of the others. Thus, manufacturing trade associations rank high in organizational members, high in departmentalization, and low in the tendency to locate their headquarters outside New York, Washington, and Chicago.

Wholesale and retail trade associations fall near the average in each of the three membership types with 27.5 percent reporting individual members only, 47.5 percent reporting organizational members only, and 25 percent reporting combined memberships. Services associations rank substantially higher than average in individual memberships slightly above the average for combined memberships, and

substantially below average for organization memberships only. This finding is explained by the fact that the functional aspects of service organizations exhibit more individual membership patterns than do manufacturing organizations.

Table 11 provides a better understanding of the relationship between the number of organization members and the extent of departmentalization. As a means of testing this suggested relationship between these two variables, a chi square test was computed from the data in Table 11. The results of this test, as indicated at the bottom of the table, show a significant relationship between the number of organization members and the extent of departmentalization at the 5 percent level of significance among the large-scale trade and business associations in the sample. The fact that only twenty-nine of the associations reporting no organization members have four or more distinct administrative departments (high departmentalization) while 51 of these associations have less than four departments (low departmentalization) is significant. Also, while forty-one of the sixty-two associations with 1,001 or more organizational memberships report high departmentalization, only twenty-one of these sixty-two associations report low departmentalization. This finding indicates the strength of the dependency between the two variables. The concluding point to be made from this table is that although the dependency between high departmentalization and a large number of organization members is not universal among all trade associations in the sample, it is still of considerable significance.

TABLE 11. Comparison of Number of Organization Members and Extent of Departmentalization of Large-Scale National Trade and Business Assoc.

Number of Organization Members	Extent of Departmentalization				Total	
	High		Low			
1 - 200	39	50.7	38	49.3	77	100
201 - 1,000	30	38.0	49	62.0	79	100
1,001 - 3,000	22	61.1	14	38.9	36	100
3,001 - 10,000	10	58.8	7	41.2	17	100
10,001 - 100,000	9	100.0	0	0.0	9	100
No organization members	29	36.3	51	63.7	80	100
Totals	139	46.6	159	53.4	298	100

5df $X^2_{95} = 11.07$ $X^2 = 25.27$

Two basic conclusions are drawn from the above analysis of types of membership. First, and most important, the functional nature of these associations in the business world supports a predominance of organizational and combined memberships as opposed to individual memberships. Secondly, fundamental comparisons between type of membership, headquarters location, and extent of departmentalization suggest more than a casual relationship between these three variables. A larger percentage of organizational members tends to indicate a greater extent of departmentalization, and an increased tendency to locate national headquarters in New York, Washington, or Chicago.

With the conclusion already established that a great percentage of these associations are made up of member organizations, further understanding of their functional nature in the business world

can still be gained by examining occupations represented by the individual members. Table 12 is a percentage ranking of activity types by the four major occupations reported in the sample. The dominance of managerial personnel in the memberships is obvious from a first glance at this table. In fact, over 70 percent of all members of both the wholesale retail trade and manufacturing activity types indicate that their memberships are composed of managerial personnel exclusively, In all of the activity types except agriculture and national business associations substantially over 50 percent of the memberships are composed of managerial, professional, and white collar personnel. Over 48 percent of the agriculture associations reported their membership to be composed of farmers exclusively. National business associations are widely distributed among various occupational categories. It can be recalled from Table 7 that these latter two activity types were the least likely of the activity types to locate their headquarters in the three major cities mentioned. Consequently, there is an apparent relationship between headquarters location and type of membership by occupation of members. Those activity types with a greater percentage of members from managerial and professional ranks are more likely to locate their headquarters in the three major centers (New York, Washington, and Chicago) and the opposite is true for the activity types with lesser membership representation from these managerial and professional occupational ranks.

Another important finding revealed from Table 12 is the paucity of blue collar occupations represented in trade and business association

TABLE 12. Activity Type by Occupational Category

Activity Type	Managerial Only			Managerial Professional			Managerial Professional White Collar			Managerial Professional White Collar Blue Collar			Remaining Combinations			Total	
	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%
Wholesale & Retail Trade	29	74.4	(1)	2	5.1	(6)	1	2.6	(7)	1	2.6	(5)	6	15.3	(5)	39	100
Manufacturing	52	70.3	(2)	9	12.2	(5)	6	8.1	(4)	1	1.4	(6)	6	7.6	(7)	74	100
Trans., Comm., & Util.	10	50.0	(3)	4	20.0	(2)	2	10.0	(3)	1	5.0	(2)	3	15.0	(5)	20	100
Services	16	31.4	(4)	15	29.4	(1)	7	13.7	(2)	3	5.9	(1)	10	19.6	(4)	51	100
Finl., Ins., R. Estate	4	23.5	(5)	3	17.6	(3)	3	17.6	(1)	0	0.0	(7)	7	41.3	(3)	17	100
Agriculture	5	13.5	(6)	0	2.7	(6)	1	2.7	(4)	1	2.7	(4)	30	81.1	(1)	37	100
Natl. Bus. Assoc.	3	9.7	(7)	5	16.2	(4)	1	3.2	(5)	1	3.2	(3)	21	67.7	(2)	31	100
Totals	119	44.2		38	14.1		21	7.8		8	3.0		83	30.9		269	100

memberships. No more than one association in all activity types except services reported a combination of both blue collar and white collar personnel in their respective memberships. The services activity type reported only three associations with this combination, and that was the maximum number for any activity type. These findings reveal that there are very few blue collar members of large-scale national trade and business associations. A basic difference is therefore established between the function of the large-scale national trade and business association, and the function of the trade union in the business world. Chapter III pointed out the evolution of modern trade associations from early employer associations, and how these associations became primarily concerned with promotion of industry welfare and protection of competitive position. On the other hand, trade unionism evolved as a protective device for the individual worker as opposed to the company or industry as a whole. The paucity of blue collar members of these associations supports the conclusion that a basic difference in purpose and function has continued between the labor association and the trade association. Furthermore, the functional difference between the two is so great that few blue collar workers join trade and business associations. This fact is particularly noticeable among the manufacturing trade associations where only 1.4 percent report a combination of blue collar and managerial professional memberships, even though the large number of blue collar workers engaged in manufacturing is self-evident.

Since agriculture and national business associations deviate most from the prescribed pattern of managerial professional occupational

memberships, it can be recognized from most of the analysis in this chapter that these two activity types are least characteristic of the large-scale associations in the sample. They tend to contain fewer organizational memberships, have fewer affiliates; also, agriculture is particularly less departmentalized.

Now that an examination has been made of the organizational and membership characteristics of large-scale national organizations, it is important to look next at the size of staff used to carry out the association's function. Staff size is an indicator of how the association functions. Since this study is particularly concerned with the need fulfillment aspect of association activity, major emphasis is placed on internal staff activity as an indicator of the given association's functional effectiveness. Table 13 breaks down staff size with percentage rankings for the seven major activity types. It is significant that 48.6 percent of the sample report a staff size of less than fifteen. Small staffs are particularly characteristic of those associations in wholesale retail trade and agriculture. Since these two activity types reported a relatively large number of individual members per association as was shown in Table 4, this finding is highly significant.

The finance, insurance, and real estate; transportation, communications, and utilities; and manufacturing activity types reported the largest percentage of staff sizes greater than 100. As can be seen from Table 10 earlier in this chapter, these same three activity types report the largest percentages of organizational members only. These findings suggest a distinct relationship between

type of membership and size of staff. Since those activity types reporting a relatively larger average number of individual members per association (agriculture and wholesale retail trade) also report smaller staffs, and those activity types with a relatively larger number of organizational members (transportation, communications, and utilities; and manufacturing) report relatively larger staffs, the general conclusion can be drawn that the functional nature of associations with greater percentages of organizational members support larger staffs and the opposite is true for associations with greater percentages of individual members. Nearly one-fourth of the financial, insurance, and real estate associations report staff sizes greater than 100, while approximately 60 percent of this same activity type have organizational members only. The transportation, communications, and utilities activity type also has both a greater than average percent of organization members and a relatively larger than average number of associations with staffs exceeding 100. These conclusions are made with full knowledge of the fact that almost two-thirds of all associations in the sample have less than thirty on their staffs. Given this fact, the financial, insurance, and real estate; transportation, communications, and utilities; and manufacturing activity types show up most frequently with the larger staff sizes. Thus, the above conclusions about the relationships between type of membership and staff size have given both full recognition to and are consistent with these more general findings.

Further, there is a significant relationship between size of staff and extent of departmentalization. Table 13 shows that the three

TABLE 13. Number of Paid Staff by Activity Type

Activity Type	None			1-15			16-30			31-100			101 & over			Total	
	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%
Natl. Business Assoc.	3	8.8	(1)	17	50.0	(5)	7	20.6	(3)	4	11.8	(7)	3	8.8	(5)	34	100
Trans., Comm., & Util.	1	3.7	(2)	15	55.6	(3)	3	11.1	(7)	4	14.8	(6)	4	14.8	(2)	27	100
Agriculture	1	2.5	(3)	23	57.5	(2)	5	12.5	(5)	8	20.0	(4)	3	7.5	(6)	40	100
Services	1	1.6	(4)	35	54.8	(4)	7	11.3	(6)	14	22.6	(3)	6	9.7	(4)	62	100
Manufacturing	1	1.1	(5)	35	38.4	(6)	20	22.0	(2)	26	28.9	(1)	9	10.0	(3)	91	100
Whl. & Retail Trade	0	0.0	(6)	30	63.8	(1)	8	17.0	(4)	7	14.9	(5)	2	4.3	(7)	47	100
Fin., Ins., & Real Est.	0	0.0	(6)	7	23.7	(7)	9	30.0	(1)	7	23.4	(2)	7	23.4	(1)	30	100
Totals	7	2.7		161	48.6		59	17.8		70	21.1		34	10.3		331	100

activity types with the greatest percentage of small staffs (wholesale, retail, trade; agriculture; and transportation, communication, and utilities) also rank lowest in extent of departmentalization as shown in Table 5. Therefore, as would be expected, smaller staffs are related to less departmentalization. The manufacturing and financial, insurance, and real estate activity types which rank consistently higher in staff sizes over fifteen also rank highest in extent of departmentalization.

Table 13 also shows that a few large-scale trade and business associations have no paid staff. The national business associations activity type with 8.8 percent reporting no paid staff has the most significant percentage of associations with this characteristic. Since a total of only 2.1 percent of the sample report no paid staff, it can be said that the general characteristic is to have some paid staff. A plausible explanation for these associations with no paid staff is the possible utilization of volunteer workers. It is less likely that large-scale associations could function effectively without some staff assistance.

Table 14 contains data concerning the strength of the relationship between the number of paid staff and extent of departmentalization among the associations that compose the sample. The chi square value computed from these data was a large 106.35 with only 9.49 needed for significance at the five percent level with four degrees of freedom. Thus, the dependency of a large staff for high departmentalization is clearly revealed. Although this finding may be somewhat naive, it indicates that large association staffs

tend to be associated with four or more distinct administrative departments. While a total of 104 trade and business associations reported paid staffs larger than thirty-one, only nineteen of these associations had low departmentalization. Over 75 percent of those associations with staff sizes between thirty-one and 100 report high departmentalization, and 94.1 percent of those associations with staff sizes over 100 report high departmentalization. It is therefore apparent that departmentalization is likely to occur with even relatively smaller staffs and it becomes progressively more frequent as staff size increases. This conclusion is further supported by the fact that over 64 percent of the associations with staffs numbering more than fifteen report four or more administrative departments. Table 14 indicates that a staff size of sixteen or more is a cut-off point at which high departmentalization begins to predominate.

TABLE 14. Comparison of Number of Paid Staff and Extent of Departmentalization Among Large-Scale National Trade and Business Assoc.

Number of Paid Staff	Extent of Departmentalization					
	High		Low		Total	
None	0	0.0	7	100.0	7	100
1 - 15	34	21.1	127	78.9	161	100
16 - 30	38	64.4	21	35.6	59	100
31 - 100	53	75.7	17	24.3	70	100
101 and over	32	94.1	2	5.9	34	100
Totals	157	47.4	174	52.6	331	100

4df $X^2_{95} = 9.49$ $X^2 = 106.35$

The analysis of organizational, membership, and staff characteristics contained in this chapter provides one basis for understanding the trade and business association environment in the business world. There appears to be a demonstrable interaction between membership need fulfillment and the immediate environment of the association, specifically, in such matters as extent of departmentalization, type of membership, and size of staff. It is clear that there are certain common characteristics present in the complex of large-scale trade and business associations, found in the American society. For instance, their staffs are usually quite small; they tend to affiliate with other organizations to a greater or lesser extent; and they are generally made up of organizational or combined memberships. Moreover, and perhaps most important, there exist consistent differences among the activity types with respect to how closely they follow these general characteristics. Those associations with few or no organization members tend to be less departmentalized and will tend to locate headquarters outside the more common sites. Those associations with large staffs are usually more departmentalized, have more organizational members, larger numbers of affiliates, and are most likely to locate headquarters in the common sites. These findings are directly related to successful pursuit of the need fulfillment functions of these associations. For example, it is apparent that the sustaining activities of manufacturing and financial and real estate associations exhibit a fairly consistent pattern of organizational memberships, larger staffs, and more departmentalization; while agricultural associations and national business associations

present somewhat different trends. In fact, the sustaining activities of each activity type of association presents some unique characteristic pattern throughout most of the tables.

The Financial Characteristics of Trade and Business Associations

Thus far the locational, organizational, and staff characteristics of large-scale national trade associations have been analyzed and certain generalizations and conclusions have been drawn. Next, in order to determine more about the environmental relationships of these associations, questions will be answered about how these associations are financed. Those individuals or organizations that contribute money to an organization generally receive either direct or indirect benefit from its activities in the form of a personal or group service from the organization's activities or in the form of publications, enhancement of personal prestige, or promotion of general industry welfare. Specific findings about the sources of income of trade and business associations is very important in substantiating the vital relationship between the meeting of membership needs and the success of the particular associations as set forth in hypothesis I of this study.

It is also helpful to know the relative size of income among organizations. For example, activities and functions of associations can be increased due to sizable capital resources or limited because of financial constraints. In terms of the previous discussion of the benefit or service aspect of association financing, it can be said that those associations with the greater incomes are either selling

their services at higher prices or reaching broader bases with their beneficial activities. With these generalizations in mind, their financial characteristics will be examined.

Table 15 breaks down size of income by activity type of association into five different categories. At first glance one can see that the greater percentage (52.1 percent) of the associations in the sample have incomes between $76,000 and $500,000. The wholesale retail trade and national business association activity types rank particularly high in this category with over 60 percent of these associations reporting incomes falling within this range.. Financial, insurance, and real estate associations rank low with only 35.7 percent of these associations reporting incomes in this $76,000 - $500,000 range. Only 12.1 percent of the sample report incomes below $76,000, and the finance, insurance, and real estate associations are considerably below this 12.1 percent average. Financial, insurance, and real estate associations have the largest relative incomes among all the activity types; a total of 46.5 percent of this activity type have incomes over $1,000,000 and a significant 14.3 percent have incomes greater than $2,000,000.

Although transportation, communications, and utilities associations have the highest percentage of associations with incomes over $2,000,000, over 26 percent of the manufacturing activity type have incomes over $1,000,000 which ranks them second to finance, insurance, and real estate in the larger income brackets.

While the finance, insurance, and real estate and manufacturing activity types rank highest in the larger income brackets

(over $1,000,000) agricultural associations report the larger percentage of associations with incomes under $76,000. National business associations also rank high in the low income bracket with 23.3 percent of this activity type reporting incomes less than $76,000. Both national business associations and services rank lowest in the larger income brackets with only 10 percent of each of these activity types reporting incomes greater than $1,000,000.

Some basic conclusions about the financial nature of large-scale national trade associations in American life are suggested. Since only 12.1 percent of the sample have incomes less than $76,000, it can be said that few associations are characterized by such a low income. Secondly, since a majority of the sample reports incomes falling in the $76,000 to $500,000 bracket, this can be called a median income range for large-scale national trade and business associations. Furthermore, approximately 35 percent of the associations in the sample report annual incomes greater than $500,000 but only about one-fifth of the sample receive annual incomes greater than $1,000,000. This latter group can be considered to be the high income associations within the trade segment.

Further conclusions can be drawn by looking at specific activity types falling within these high, middle, and low income ranges. The income analysis indicated that financial, insurance, and real estate; and manufacturing associations ranked highest in the high income bracket (over $1,000,000). Earlier in this chapter it was pointed out that these same two activity types rank highest in percent of organizational memberships and extent of departmentalization. An

TABLE 15. Size of Annual Income by Activity Type

Activity Type	1,000-75,000			76,000-500,000			501,000-1,000,000			1,001,000-2,000,000			2,001,000 & over			Total	
	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%
Agriculture	8	28.6	(1)	12	42.8	(6)	2	7.1	(6)	3	10.7	(3)	3	10.7	(4)	28	100
Natl. Bus. Assoc.	7	23.3	(2)	18	60.1	(2)	2	6.7	(7)	1	3.3	(6)	2	6.7	(5)	30	100
Services	7	14.0	(3)	29	58.0	(3)	9	18.0	(3)	2	4.0	(5)	3	6.0	(6)	50	100
Fin., Ins., & Real Est.	2	7.1	(4)	10	35.7	(7)	3	10.7	(5)	9	32.2	(1)	4	14.3	(2)	28	100
Manufacturing	5	6.9	(5)	33	45.8	(5)	15	20.9	(2)	10	13.9	(2)	9	12.5	(3)	22	100
Trans., Comm., & Util.	1	5.3	(6)	11	57.9	(4)	4	21.0	(1)	0	0.0	(7)	3	15.8	(1)	19	100
Wholesale & Retail Trade	2	5.3	(6)	25	65.9	(1)	6	15.8	(4)	3	7.9	(4)	2	5.3	(7)	38	100
Totals	32	12.1		138	52.1		41	15.4		28	10.6		26	9.8		265	100

apparent relationship therefore exists between size of income, type of membership, and extent of departmentalization of large-scale national trade associations. A larger number of organization memberships tends to support both a larger income and a greater extent of departmentalization. As a corollary to these conclusions, larger paid staffs are also employed in these associations; Table 13 indicates a greater percentage of the larger staffs occurring in the financial, insurance, and real estate; and manufacturing activity types.

Additional support to the above conclusions is provided by services, national business associations, and agriculture which have relatively low incomes, rank low in number of organized memberships, and are slightly below average in extent of departmentalization. This low ranking is particularly true of agriculture and national business associations which rank lowest in organizational memberships among all the activity types.

Earlier in this discussion of the financial aspects of trade associations, the importance of sources of income among associations was emphasized particularly in terms of providing a functional understanding of association activities. Table 16 shows the percentage rankings of the seven activity types of trade associations receiving membership income only.

It is significant that 73 percent of the associations in the sample report that their income is derived from membership exclusively. Since the larger percentage of these associations receive their financial support from their own memberships exclusively, in

TABLE 16. Associations Receiving Membership Income Only by Activity Type

Activity Type	Membership Sources Only #	%	Rk. Ord.	Other Sources #	%	Total #	%
National Business Associations	25	100.0	(1)	0	0.0	25	100
Trans., Comm., & Utilities	20	87.0	(2)	3	13.0	23	100
Manufacturing	59	80.8	(3)	14	19.2	73	100
Fin., Ins., & Real Estate	19	73.1	(4)	7	26.9	26	100
Services	29	65.9	(5)	15	34.1	44	100
Agriculture	19	55.9	(6)	15	44.1	34	100
Wholesale & Retail Trade	21	55.3	(7)	17	44.7	38	100
Totals	192	73.0		71	27.0	263	100

line with hypothesis I, it logically follows that the membership receives, or thinks it receives, substantial direct or indirect benefit from services rendered by the association. The economist's concept of the rational behavior of economic man is that man will divide his expenditures among alternatives in such a way that total utility is maximized. If this axiom is applicable to this situation, then it follows that utility received from association membership dues or contributions compares favorably with utilities that would have been received if this money had been spent on alternative products or services.

All national business associations in the sample report their income is derived exclusively from membership sources. It can be recalled from Chapter II that this activity type is composed of chambers of commerce, and national business organizations meeting at local and regional levels. This evidence would indicate that these organizations are particularly membership oriented. Transportation, communications, and utilities; and manufacturing associations also rank considerably higher than average in receiving their income exclusively from membership sources, indicating an especially strong service orientation toward their respective memberships.

Both the agriculture and wholesale retail trade activity types rank lowest in exclusive membership income support with approximately 55 percent of these associations reporting income from membership only.

In order to learn more about these associations that receive income from sources other than membership, Table 17 has been included.

This table divides income into public, private, and combined sources; and therefore would indicate any sharp deviations from a private membership orientation in association income. This table further supports the membership orientation of trade and business associations referred to in hypothesis I by demonstrating the almost exclusive relationship of private income sources to trade and business association finance. For example, over 98 percent of all the associations in the sample receive their income from private sources only. Among the seven activity types, only three report any income from public sources. Transportation, communications, and utilities; agriculture; and services are the only activity types reporting incomes from public sources, and for these activity types the percentage is negligible. Only one association in both the agriculture and services activity types reports income from public sources only, and only three associations report incomes from public and private sources combined. The obvious general conclusion about trade and business associations suggested by the data in Table 17 is their overwhelming reliance on private sources for membership support. In Chapter III the point was made that competitive influences shaped the trade association function, and such things as protection of competitive position and promotion of industrial welfare were their primary functional characteristics. These functions would suggest a predominance of private financing among these associations, because competitive interests are rather narrow industry and membership interests. In line with the overall financial views presented early in this analysis, it is clear that membership is paying for the benefits it receives through

TABLE 17. Primary Sources of Income (Public or Private Criteria) by Activity Type

Activity Type	Private: Membership, Proceeds from Sales & Services, Returns from Investments			Public: Public Fund Raising, United Fund, Gifts from Bus. Firms, Grants from Govt. & Found.			Private & Public: Membership & Public Fund Raising, United Fund & Gifts from Bus.; Membership & Grants from Govt. & Foundations			Total	
	%	#	Rk. Ord.	%	#	Rk. Ord.	%	#	Rk. Ord.	%	#
Manufacturing	100.0	73	(1)	0.0	0		0.0	0		100	73
Wholesale & Retail Trade	100.0	38	(1)	0.0	0		0.0	0		100	38
Fin., Ins., & R. Estate	100.0	26	(1)	0.0	0		0.0	0		100	26
National Business Assoc.	100.0	25	(1)	0.0	0		0.0	0		100	25
Trans., Comm., & Util.	95.7	22	(2)	0.0	0		4.3	1	(1)	100	23
Services	95.4	42	(3)	2.3	1	(2)	2.3	1	(3)	100	44
Agriculture	94.2	32	(4)	2.9	1	(1)	2.9	1	(2)	100	34
Totals	98.1	258		0.8	2		1.1	3		100	263

formal association. Since membership is essentially the sole benefactor from the association activities, it is usually the sole financial supporter of the association. Some basic differences also emerge between trade and business associations and other types of associations, such as social welfare or religious organizations, with respect to sources of income, because the benefits of these latter organizations accrue to non-members as well as to members of the association.

It is now possible to say some specific things about trade and business associations, the business world, and membership need fulfillment. Throughout this analysis, numerous functions of these associations have been uncovered, and in each case the functions were primarily directed at serving the membership in some aspect of business or industry. Such activities as providing statistical information, cooperative advertising campaigns, conducting market research, and such functions as promotion of industrial welfare and protection of competitive position have emerged as attendant factors to the relationship between large-scale national trade associations and the business world. These characteristics suggest that the trade and business association function is primarily a service function to its members. Furthermore, since its members are in strategic parts of the business world, its broader function is serving particular segments (industries, corporations, groups,) within the business world. These conclusions are particularly supported by the fact that large-scale trade association finances are almost exclusively derived from private sources that are concentrated within the business world.

Internal Educational Activities of Trade and Business Associations

The concept of education is distinctly related to the need fulfillment pattern that has emerged from this research. Successful performance of the promotional and protective functions of these associations is greatly aided by educational programs. Since these functions are associated with members' needs, a look at internal education programs conducted by these associations is important. The data contained in Table 18 indicates that the greater percentage of large-scale national trade and business associations conduct specific internal educational programs among their memberships. Additional support is added to the general evidence suggesting the validity of hypothesis I of this study, and the predominance of the membership service orientation of these associations with respect to their function in the business world is made even more clear.

As indicated by Table 18, 83.3 percent of the associations in the sample report the presence of an internal educational program among their memberships. The finance, insurance, and real estate; wholesale and retail trade; national business associations; and services activity types rank particularly high with over 90 percent reporting internal educational programs.

These findings are consistent with the nature of the activities represented in each of these activity types. National business associations, and services are both characterized by associations representing a proliferation of business activities that can be directly benefited through educational information about business conditions,

TABLE 18. Presence or Absence of Internal Education Program by Activity Type

Activity Type	Yes			No		Total	
	#	%	Rk. Ord.	#	%	#	%
Wholesale and Retail Trade	45	97.8	(1)	1	2.2	46	100
National Business Associations	31	93.9	(2)	2	6.1	33	100
Services	56	91.8	(3)	5	8.2	61	100
Fin., Ins., & Real Estate	28	90.3	(4)	3	9.7	31	100
Agriculture	31	77.5	(5)	9	22.5	40	100
Manufacturing	65	71.4	(6)	26	28.6	91	100
Trans., Comm., & Utilities	18	66.7	(7)	9	33.3	27	100
Total	274	83.3		55	16.7	329	100

promotional appeals, or specific techniques of operation. This same reasoning also applies to the finance, insurance, and real estate activity type. The particularly high percentage (97.8 percent) of wholesale and retail trade associations in this area can be accounted for by the intensely competitive nature of the distribution process which is confronted with changing markets and products. These conditions naturally lend themselves to a continuous educational process involving product, promotion, and price.

Although the agriculture; manufacturing; and transportation, communications, and utilities associations conduct a great number of internal educational programs, they rank below average for the seven activity types. This fact tends to suggest that their industries are least supportive of this type of educational activity when compared with the rest of the trade segment. While transportation, communications, and utilities and manufacturing rank lowest, these industries are more concerned with specific processes of production and the economic problems, and seem to approach these problems through affiliation and broader informational exchange. Table 8 earlier in this chapter indicated that these two activity types are most likely to have larger numbers of affiliates.

Finally, agricultural associations rank only slightly below average in amount of internal educational activity, and their relatively larger number of individual members helps to explain this trend.

Summary

The descriptive presentation of locational, organizational,

membership, and financial characteristics of large-scale national trade and business associations contained in this chapter has focused upon the similarities and differences that occur among the seven activity types with respect to these variables. While throughout the chapter heavy reliance was placed on data in tabular form, important general findings emerged from the analysis. Essentially, the large-scale national trade and business association was characterized as a service-oriented institution benefiting most directly its immediate membership and indirectly proliferating its activities throughout the business world. Moreover, the findings confirm the fact that these associations have sufficient funds, organization, and staff to operate effectively in both their immediate environment and the business world. In performing their functions certain key geographical locations are likely to be selected as the base of operations.

Outside forces have shaped the nature of trade and business association functions in the business world, and these forces have interwoven their influences into a generalized pattern of organizational and financial characteristics. These characteristics give support to conclusions in Chapter III about the effects of the emerging society on these large-scale associations. Modern trade and business associations with organizational memberships and affiliations, staff activity, and high incomes are in sharp contrast with the early trade associations. There is no doubt that these associations are playing a crucial role in the business world, and will continue to grow in size and effectiveness.

Specifically, these conclusions are drawn from the significant

data presented in this chapter. An emergence of power centers is apparent in many areas of the American society and trade and business associations are attracted by their magnetic strength. The fact that New York, Washington, and Chicago are chosen as the most frequent location of association headquarters is certainly important, but more significant is the unique way that the choice of a particular headquarters site tends to relate to the specific association's functional interest such as public power, finance, or insurance. Our society is characterized by increasing urbanization and concentration and this has had more impact on trade and business association concentration than any other factor included in this study. Large-scale enterprise and the competitive struggle that accompanies urban growth are continuous influences on the nature of the function and purpose of these associations in the society; and locating headquarters in close proximity to government, industry, and market centers is an end result of this combination of important forces.

The pattern of organizational, membership, and staff characteristics of trade and business associations is also reflected in the forces of a changing society. Externally, the great extent of affiliation undertaken by many associations is really an attempt on the part of the association to better its position to deal with dynamic problems (legislative, competitive, industrial) in an emerging society. Internally, the extent of departmentalization varies in a clear pattern among trade and business associations; the larger and more powerful associations tend to be highly departmentalized. Large size, specialization, and bureaucratization have paralleled urban

growth in our society, and the result is a greater degree of departmentalization among formal organizations. These same forces also affect internal membership patterns among associations. A more complex and specialized society tends to generate a polarization of interests according to common group characteristics and resultant needs, and the dominance of managerial personnel and the paucity of blue collar occupations represented in trade and business associations memberships are a direct result of this phenomenon. Large-scale organization has resulted in a greater separation of management and workers and a trend towards professionalization of managerial personnel. These trends and interests are reflected in trade and business association activities that have largely left out the blue collar class.

The financial characteristics of trade and business associations are also significant indicators of their environmental position. Those associations that represent a consolidation of powerful interests in their respective industries are characterized by large incomes. For example, the polarization of interests previously mentioned can manifest iteself into very powerful groups such as the National Association of Manufacturers and large amounts of funds are provided by the membership to support their interests. Staff size varies to handle the volume of work necessary to promote these interests, namely, promotion and protection.

The data provided in this chapter play a major role in supporting the first hypothesis. Certainly, trade and business associations grow and flourish to the extent that members perceive them

as meeting needs. In meeting these needs, they exhibit a unique pattern of internal and external characteristics that help to explain their effectiveness in the society. Throughout this chapter the strategic relationship between need fulfillment and association characteristics has clearly emerged. The position of trade associations in the total society is examined in the next chapter. Although in the previous chapters it has been suggested that there is important interaction between trade associations, the business world, and the total society, in the next chapter an attempt will be made to measure both the extent and effect of this interaction.

CHAPTER V

THE ACTIVITIES AND FUNCTIONS OF TRADE AND BUSINESS ASSOCIATIONS AS THEY RELATE TO THE GREATER SOCIETY WITH PARTICULAR EMPHASIS ON THE GOVERNMENTAL SPHERE

The Established Position of Large-Scale National Trade and Business Associations in the Greater Society

The development of both the activities and structural organization of large-scale trade and business associations as contained in the previous chapters provides an understanding of the nature of these organizations. These associations have continued to increase in prominence and functional usefulness in the business and industrial segment of American economic life. The importance of the industrial segment to the organization and progress of the total society is unquestioned. One need only review the role played by American industry in winning two world wars or the tremendous influence of the business and economic depression of the early thirties on the political and social environment in American life to realize how deep the roots of industry and trade flow within the greater society. America's position of world leadership and her internal expansion is to a significant extent determined by how successfully her economic segment is able to function.

Economic growth is directly related to the emergent process and is, in fact, a part of that process. As organizations grow into large-scale institutions, they grow economically as well as physically

and socially. The emergent process is as clearly at work in the industrial segment as in any other segment, and the influence of the process on the face exhibited by trade and business associations was developed in both Chapters III and IV. It was shown that these large-scale associations have experienced the same emergent process that has permeated the greater society.

The key objective of this chapter is to examine these associations and the emergent forces that have shaped their function. Specifically, the analysis uses the empirical method to test the tenability of hypothesis II and its corollary as set forth in Chapter I. Hypothesis II suggests that trade and business associations vis-a-vis society originate and prosper to the extent that their objectives are congruent with emergent forces in this society. The corollary to hypothesis II suggests that survival of a given association depends upon its ability to adjust to these forces.

In studying societal relationships of formal organizations such as associations, the nature and extent of their governmental activities serve as the chief index to a given organization's position in society and throughout this chapter data concerning governmental relationships with trade and business associations will be analyzed. Emergent forces of the society are also reflected in this relationship through association activities designed to sustain their position vis-a-vis society, for example, contact with government officials, legislative activity, and formal and informal cooperation with government bureaus. The ensuing analysis examines these activities in detail, and also gives attention to trade and business associations activity in the total public sphere.

The Governmental Sphere: The Vital Role of the Activities of Trade and Business Associations in Political Affairs

As suggested above, the fundamental relationships of trade and business associations to the greater society have occurred through their governmental activities. Earlier discussion of association development indicated the importance of this relationship. Legislative problems were shown to influence the formation and function of early trade associations, and the two world wars and the great depression of the 1930's strengthened the bonds and ties of this relationship. One means of analyzing the nature of this governmental tie among these associations would be to ask associations about their contacts with all echelons of government. It is of primary importance to know how many trade and business associations have contacts with government, and at what levels these contacts are most likely to occur. This kind of information can provide answers to questions about the scope and importance of functions performed by these associations within the greater society.

Table 19 contains a summary of the types of governmental contact of the seven activity types of large-scale national associations. Since only 46.6 percent of these associations report no contact, over one-half (53.4 percent) of all large-scale national associations have some type of contact with either federal, state, or local government. This is a particularly significant percentage in view of the question that was asked in the questionnaire: "Do the responsibilities of the association's principal (voluntary or paid) officers require them to be in more or less regular contact with federal, state, or local

TABLE 19. Activity Type by Contact with Federal, State, and Local Governments

Activity Type	Government Contacts: Federal, State, & Local #	%	Rk. Ord.	Federal & State #	%	Rk. Ord.	Federal Only #	%	Rk. Ord.	Other Combinations #	%	Rk. Ord.	No Contact #	%	Rk. Ord.	Total #	%
National Business Associations	7	20.6	1	7	20.6	3	4	11.8	6	1	2.9	3	15	44.1	5	34	100
Services	12	19.7	2	4	6.6	7	9	14.8	5	1	1.6	5	35	57.3	1	61	100
Agriculture	7	17.5	3	9	22.5	2	12	30.0	3	0	0.0		12	30.0	7	40	100
Finance, Insurance, and Real Estate	5	16.1	4	8	25.8	1	3	9.7	7	1	3.2	2	14	45.2	4	31	100
Manufacturing	14	15.4	5	11	12.1	4	20	22.0	4	0	0.0		46	50.5	2	91	100
Transportation, Communications, and Utilities	3	10.7	6	2	7.1	6	9	32.2	2	1	3.6	1	13	46.4	3	28	100
Wholesale, Retail Trade	3	6.4	7	5	10.6	5	18	38.3	1	1	2.1	4	20	42.6	6	47	100
Totals	51	15.4		46	13.9		75	22.6		5	1.5		155	46.6		332	100

government officials?" There was no question asked about the various types of indirect influence that may occur with government officials. The histories received with the questionnaires indicated that the informal influences directed at governmental legislation were great, and a major point to remember is that this percentage (53.4) would be significantly higher if indirect influences were also considered. Over one-half of the majority of activity types experience formal official contact. Agriculture reports the greatest amount of contact as only 30 percent of these associations report no contact; and conversely, the services activity type reports the least amount of contact with a substantial 57.3 percent of these associations reporting no contact. The 70 percent of the large-scale agricultural associations that have direct governmental contact is strong evidence of the mutual interest between agriculture and government.

The services activity type is largely made up of associations serving other organizations in a somewhat narrow or technical sense. As a result, many of these associations are not directly active in the governmental sphere, and this fact helps to account for the paucity of their contact with government officials. Although the 57.3 percent of these associations that report no contact is the largest among the activity types, it leaves 42.7 percent that do have this formal contact--still a substantial figure.

Manufacturing trade associations compose the other activity type that falls slightly below average in this type of formal governmental contact. A plausible explanation for this finding is the manufacturing process itself. Many of these associations are concerned

with coordinating and controlling particular aspects of production, and consequently are not as active in governmental circles as other activity types that serve broader interest groups. Approximately one-half of the manufacturing associations do have formal contacts with federal officials, and although this percentage is below average among all activity types, it is still relatively high.

Table 19 also shows the great importance of the federal government with respect to large-scale national trade and business associations. While 53.4 percent of the sample report that their principal officers have more or less regular contact with government officials, 22.6 percent of these associations indicate that this contact is at the federal level only. Wholesale and retail trade; transportation, communications, and utilities, and agriculture rank highest among all activity types with at least 30 percent of these associations reporting this type of contact at the federal level only. Table 7, Chapter IV, indicated that these same three activity types ranked highest in locating their national headquarters in Washington, D. C. The fact that the Washington location facilitates federal government contact is the reasonable explanation for this finding. The relatively high percentage of associations in more or less regular contact with government officials is a determining force for the high percentage of associations that locate their national headquarters in the nation's capitol.

National business associations, services, and agriculture rank highest in the percentage of associations whose officers are in regular contact with federal, state, and local government officials.

Evidently, the activities of these three activity types attract a greater dispersion of governmental relationships at all three government levels. Furthermore, the functional activities of agricultural associations that protect and promote mutual interests seem to call for governmental contacts at all three levels in many cases. Since the national business association activity type contains state and national chambers of commerce, it is not surprising to find that it is also above average in federal, state, and local contact because these organizations operate at all governmental levels. The services performed by large-scale national service associations tend to center in these widely dispersed governmental contacts as opposed to concentration at either the federal or state level. Since accountants, managers, etc. are concerned with state and local regulations as well as federal statutes, one would normally expect this pattern to prevail among service associations. None of the trade and business associations in the sample reported these regular contacts with local government officials only, and just two associations reported contacts at the state level only. This finding is not surprising because a basic criterion used in selecting the sample was that the associations be national associations, and the governmental activities of this type of association is normally concentrated at the federal level.

Important conclusions drawn from the preceding analysis of Table 19 are that over one-half of the associations in the sample report direct contact with government officials, and this contact primarily occurs at the federal level.

Although the agriculture activity type tends to use formal

governmental contacts to a greater extent than do others, the percentage difference between most of the activity types is not large enough to draw many striking contrasts. The services activity type reports a relatively lesser percentage of direct contact than others. All are significantly high and this supports the general conclusion that government has an important impact on trade and business associations in an emergent American society.

In support of this general conclusion, it is essential to emphasize that earlier chapters have supported the membership need fulfillment orientation of these associations as set forth in hypothesis I. The overall results of Table 19 suggest that in the performance of their need fulfillment functions such as promotion and protection of mutual interest, government relations evolve as an aid. In order to explain the reason for these ties with government, it is necessary to go beyond hypothesis I to hypothesis II and the corollary to it. Governmental relationships provide avenues that are used by trade and business associations to stay congruent with the emergent society. Government is sensitive to the changing societal environment, and by maintaining close relationships with government, these associations use that sensitivity to adapt themselves to the changing society. This adaptation is vital to successful fulfillment of their need-oriented mission. In establishing the fact that trade and business associations use governmental ties to adapt themselves to the emergent society and thereby increase their effectiveness, it is important to learn more about the way these ties are integrated into a useful network of relations. One of the most

effective ways that this integration can be accomplished is through formal (written) working agreements with federal government agencies. In this context the following question was asked: "Does your association have any type of formal (written) working agreement with any agencies of the federal government?" The "yes" responses to this question are shown in Table 20. One can immediately see that the number of these associations which have a formal agreement with federal goverment agencies is considerably less than those whose principal officers have formal contact. While 53.4 percent of the associations in the sample indicated that their officers were in more or less regular contact with government officials, only 11.5 percent of these associations have formal working agreements with federal agencies. However, this latter percentage should not be taken lightly because it represents one of the closest kinds of governmental relationships. About one in ten of the national trade and business associations in the sample have this close contact, and even this small percentage adds support to the importance of the general position of these associations in the governmental sphere.

The agriculture activity type again emerges as the most active in terms of this kind of governmental relationship. Over 34 percent of the large-scale national agricultural associations report the presence of a formal working agreement with a federal agency, and this percentage is particularly significant when compared with the 11.5 percent average for the total sample. Financial, insurance, and real estate associations rank second to agriculture in the percentage

TABLE 20. Presence or Absence of Formal Agreement with Federal Agencies by Activity Type

Activity Type	Yes			No			Total	
	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%
Agriculture	13	34.2	1	25	65.8	7	38	100
Finance, Insurance and Real Estate	4	14.3	2	24	85.7	6	28	100
Transportation, Comm. & Utilities	3	11.5	3	23	88.5	5	26	100
Manufacturing	9	10.1	4	80	89.9	4	89	100
Services	4	6.6	5	57	93.4	3	61	100
Wholesale and Retail Trade	3	6.5	6	43	93.5	2	46	100
National business associations	1	3.0	7	32	97.0	1	33	100

of associations with formal working agreements with government agencies, but the percentage is only 14.5, far behind agriculture. In addition, over 10 percent of the transportation, communications, and utilities; and manufacturing activity types report formal agreements with federal agencies. Service associations, national business associations, and wholesale retail trade associations rank somewhat below average in extent of formal agreements with federal agencies. National business associations rank farthest below average with only one association or 3 percent of this activity type having a formal agreement with the federal government. Table 19 showed that national business associations ranked somewhat above average in terms of formal federal, state, and local government contact; but ranked last in federal contact only, with just 6.9 percent of these associations reporting such contact. These findings tend to suggest that the national business association

activity type is the least active of all large-scale national trade and business associations at the federal government level, but that it is still quite active at state and local levels. Data on formal agreements with Federal agencies are summarized in Table 20.

The frequency of formal contact between agricultural associations and the federal government is high. This is in line with the amount of face-to-face contact reported in the business section. Secondly, it is apparent that, in general, national trade and business associations do not formally align themselves with federal government agencies. It is suggested that governmental relationships are really a facilitating mechanism and not a control mechanism. Some associations (notably agricultural) can best sustain themselves in the society through such formalization, but most of these associations stay away from such a "tight knit" arrangement. Many large-scale associations seek a more flexible arrangement characterized by full use of governmental sensitivity to an emerging society, but remaining free to adjust in a variety of directions to emerging forces. This conclusion is supported by Table 21, which is designed to get at the more informal or flexible interaction between these associations and the federal government. Table 21 is a percentage-ranking of the seven activity types of associations in the sample that maintain informal cooperation with federal government agencies. While only 11.5 percent of these associations reported formal working agreements with federal government agencies, Table 21 shows that 50 percent report informal agreements indicating that the governmental tie exists.

Financial, insurance, and real estate associations rank highest in the extent of informal cooperation with the federal government as almost 70 percent of these associations reported this type of relationship. The agricultural and wholesale retail trade associations rank second and third respectively in extent of informal cooperation with the federal government. Although national business associations ranked consistently below average in extent of federal government contact in previous tables, they have 44.8 percent reporting informal cooperation with federal government agencies. The services activity type has also ranked consistently below average in government contact as shown in the previous tables, and ranks lowest among the seven activity types in extent of informal cooperation with government agencies with 41.4 percent of these associations reporting positive responses. Both the services and national business association activity types tend to be relatively less active at the federal level in many respects but they still exhibit a significantly high percentage of informal cooperation with federal agencies.

In the previous tables contained in this chapter the manufacturing activity type has consistently ranked near average among the seven activity types in the extent of its governmental relationship. It follows this same pattern in Table 21 with 49.9 percent of the manufacturing trade associations reporting informal cooperation with federal agencies.

Informal cooperation with federal agencies is a direct means of achieving sensitivity to changes in society through government interaction, while still retaining individuality as an association.

TABLE 21. Presence or Absence of Informal Cooperation with Federal Government Agencies by Activity Type

Activity Type	Yes		Rk. Ord.	No		Total	
	#	%		#	%	#	%
Finance, Insurance and Real Estate	18	69.2	1	8	30.8	26	100
Agriculture	20	55.6	2	16	44.4	36	100
Wholesale and Retail Trade	21	51.2	3	20	48.8	41	100
Manufacturing	42	49.4	4	43	50.6	85	100
Transportation, Communications & Utilities	12	48.0	5	13	52.0	25	100
National business associations	13	44.8	6	16	55.2	29	100
Services	24	41.4	7	34	58.6	58	100
Totals	150	50.0		150	50.0	300	100

A good summary of this analysis of trade and business association activities in the governmental sphere requires a re-emphasis of the importance of the relationship between these associations and government. Because the associations in the sample are large-scale national associations, this relationship is particularly strong at the federal level.

Agricultural associations have the most frequent and closest ties with the government. General farm legislation, price support programs, and crop restrictions help to account for this finding. Historically, government has played a definite role in organizing and controlling food production in the United States and this has been of such importance that agriculture has rated a cabinet position in the

federal government since 1889. Agricultural associations provide an excellent example of usefulness of formal association in facilitating governmental relations. It is through these associations that farmers are able to express their own interests, and to adapt these interests to a dynamic society. Often the interests of society as set forth in proposals for legislation do not mesh with the interests of a "tight knit" membership-oriented association. If membership needs are to be fulfilled some compromise must be reached between agricultural interests and interests of other groups in the society. Agriculture offers a prime example of the congruency and adaptability needs of associations as set forth in hypothesis II. The need for adaptability to the changes mentioned above is apparent, and the establishment of avenues for collective action with government is a result. Such things as price supports and crop control programs (soil bank) are products of the emergent forces of the society. As suggested in hypothesis II, associations must remain congruent with these forces, because these forces are directly related to perceiving and meeting membership needs. United collective action through formal association is necessary to achieve the type of congruency that supports farmer interests. Certainly basic farm legislation affects the competitive position and general welfare of each individual farmer, but by acting individually he would be less likely to be effective in promoting his own interests. It is through the collective action of a formal association that his interests are given sufficient organization and strength to be an effective force in influencing governmental legislation. Thus, the trade and business association

has a difficult two-fold mission in the governmental sphere. First, it must remain congruent with the forces of a changing society so it will not be destroyed as being ancient and useless, and secondly, it must accomplish something for its membership in the process.

While agriculture has served as a worthwhile example of the interaction between government and trade and business associations, the preceding points are equally applicable to the other six activity types. These other activity types do not necessarily hold the same official status that agriculture occupies in the governmental sphere, but the importance of their activities in that sphere is apparent. It is through governmental activities that association influence directly permeates the total society. Government in our democracy theoretically represents the interests of the people in it; therefore it represents the total society in the most general sense. Conversely, this analysis has emphasized that trade and business associations represent the interests of their respective industries in the general sense, and of their individual memberships in the specific sense; the promotion of either one produces some effect on the other. More particularly, the promotion of trade association interests in the governmental sphere may produce an alteration of the total society's position regarding the specific interest involved, and conversely, the promotion of the total society interests with respect to trade associations can easily result in an alteration of the association's position regarding the specific interest. It is the above interelationship between government and trade and business associations that

that results in the proliferation of association activity throughout the total society and continued congruency with emergent forces by these associations. For example, suppose a major national trade association wishes to have a high tariff levied on imported goods, which its industry produces here, and it actively campaigns for this tariff through congressional lobbying. Since the passage of this tariff would no doubt raise the price of these goods to American consumers, they, through the process of representative government, make known their opposition to this legislation. The interests of the association have aroused in the greater society enough interest to create opposition to the proposed legislation; the final result could easily be some compromise between the two interests depending on the relative strength of the two forces involved. This compromise represents an adaptation of interests in which the association membership, the association, and the society have all been served.

These few examples are by no means the only ways that trade and business association activities are felt in the total society environment, but they do help to illustrate the way that their interaction with government on specific interests permeates the total society. The government section of this chapter plays a crucial role in supporting both hypothesis II and its corollary, because this section clarifies the importance to trade and business associations of remaining congruent and adaptable to the dynamic forces of an emergent society.

The Public Sphere: The Significance of Trade and Business Association Activities in Broad Areas of American Public Life

Since governmental relationships are only one means of sustaining a given association's position in the greater society, it is necessary to extend the analysis into the broader public sphere of activity. One of the significant ways of keeping abreast of change in an emergent society is to be an active participant in public matters that affect the association's interest.

Table 22 contains a summary of the percentage of associations that take stands on public issues by the seven activity types. Over one-half (58.4 percent) of the sample report that they do take a stand on public issues. The national business associations, wholesale and retail trade, and agricultural activity types rank highest with over 70 percent of the associations in each of these activity types taking stands on public issues

TABLE 22. Trade and Business Associations that Take a Stand on Public Issues by Activity Type

Activity Type	Take Stand			Do Not Take Stand		Total	
	#	%	Rk. Ord.	#	%	#	
National business associations	24	77.4	1	7	22.6	31	100
Wholesale and Retail Trade	32	72.7	2	12	27.3	44	100
Agriculture	27	71.1	3	11	28.9	38	100
Finance, Insurance & Real Estate	20	66.7	4	10	33.3	30	100
Transportation, Comm. & Utilities	15	62.5	5	9	37.5	24	100
Manufacturing	38	46.3	6	44	53.7	82	100
Services	22	39.3	7	34	60.7	56	100
Totals	178	58.4		127	41.6	305	100

It is easier to explain the high percentage of national business associations and agricultural associations that take stands on public issues than it is to explain the high percentage of wholesale and retail trade associations that are also very active in the public sphere. In the case of the first two activity types, there are distinct factors brought out in the governmental section that explain their high degree of public activity. It will be recalled that the national business association activity type is heavily concentrated with chambers of commerce and service clubs. Earlier in this chapter information contained in Table 19 revealed that these organizations were particularly active at federal, state, and local government levels. Since their governmental activities are strong at both state and local levels, many of these organizations are taking stands on issues involving state and local problems. Closer analysis of specific associations indicates that this is particularly true of the chamber of commerce type organization, as many of these associations maintain legal offices in Washington that serve as legislative watchdogs for issues affecting their respective states. A major purpose of state chambers of commerce is to promote the interests of their constituent memberships through taking stands on public issues, and more particularly, those issues affecting the business and professional community.

The other major component of the national business association activity type is national service clubs, and they are also very active promoters of a stand on public issues. Closer examination of these associations indicates their stands usually emanate from local levels

and are often concerned with local issues. Lions, Kiwanis, and Zonta are only a few of these organizations that are particularly active in the public sphere at the grass roots level.

Since the agricultural activity type has continually been a leader among all activity types in the extent of its governmental activity, it is not surprising that it also ranks high in the percentage of its associations that take stands on public issues. Agricultural associations are primarily concerned with public issues that affect the economic status of the farmer, and their activities in the public sphere reflect this fact. All types of food programs, school work laws, and school hours, are of interest to them at state and local levels, and at the national level, they are concerned with wages, foreign trade, and crop restriction, justifying their significant activities on public issues at all government levels.

The high percentage of wholesale and retail trade associations that take stands on public issues is a little more difficult to explain until a close examination is made of the particular associations involved. Farm cooperatives, associations representing specific types of distribution such as automatic vending machines, trucking associations, all within this activity type are particularly concerned with such areas as trade legislation, vehicle licensing, taxation, and import legislation, that can greatly affect their respective competitive positions in the distribution process; consequently, they are quick to make their position known on this type of issue. As the data in Table 19 indicated, these problems are usually federal with some occurring at the state level, accounting

for the fact that wholesale retail trade leads all other activity types in formal contact with federal officials only.

The manufacturing and services activity types rank below average in taking stands on public issues with approximately 39 and 46 percent respectively of these associations taking such stands. The service orientation of the services activity type helps to explain its degree of activity in the public sphere. Such groups are primarily concerned with serving existing industries in a professional capacity, leaving much of the legislative activity to the industries themselves. Manufacturing associations are primarily involved with the production process; and although this activity naturally leads to concern with public issues, they exhibit less direct activity in this area than many of the other industrial types with broader interest bases.

The finance, insurance, and real estate, and transportation, communications, and utilities activity types rank above average in the extent to which their respective associations take stands on public issues. Legislative problems continually face these industries, and close examination of these particular associations indicates a strong amount of influence is exerted on issues of federal and state importance.

An overview of Table 22 gives a striking indication of the great extent of trade and business association activity in the public spheres. Almost three-fifths of the associations in the sample take stands on public issues which provides a good measure of how their activities can be felt throughout the total society. Public issues are issues of major concern to the greater society, and although they

may crucially affect some area of the economic world specifically, the fact that they do permeate the greater society makes the position of trade and business associations in the society even more pronounced.

Public issues also reflect change. Issues of today are different from issues of yesterday. For example, the mere right of labor unions to exist was effectively challenged until the passage of the Wagner Act in 1935. Many associations tried to promote the interests of their industries by vigorously opposing this right and hoping to keep unionization under control. But the forces of changing society (depression, New Deal, etc.) prevailed and unions won their right to exist in industry. More effective trade and business associations had to adapt to this change and accept the right of the unions to exist. As a result new stands were taken to control unions and reduce their impact on the firms represented by these associations. A more sophisticated group of issues developed in the area of sound labor relations. This example is more meaningful if a close lock is taken at the types of issues upon which trade and business associations take a stand. Certain areas such as labor relations emerge as being significant to trade and business association activity, and important conclusions can be drawn about issues and change.

Table 23 places the public issues of concern to modern trade and business associations into meaningful categories. The 178 associations of Table 22 that take a stand on public issues are placed into these categories by type of issue involved. Since many associations take a stand on more than one issue, the totals do not equal 100 percent. The nine categories of Table 23 are particularly

important because they tell a great deal about the nature of the dynamic forces that are referred to so often in this study. Forces are constantly at work in each of the nine areas that affect the success of given associations. As change is imminent, stands are taken by associations to modify that change and to make it easier to live with. Type of modification sought is influenced by membership needs and interests. Closer analysis of the table indicates the areas of change where interests are most likely to be channeled by activity type.

Of particular interest is the fact that over 50 percent of all associations reporting a stand on public issues take a stand on those issues dealing with taxation and fiscal matters. Over 70 percent of the organizations in both the finance, insurance, and real estate and national business associations activity types take a stand on issues in this general area. Transportation, communications, and utilities associations also rank high in this area. Interestingly enough, the agricultural activity type ranks lowest with only about one-fourth of its associations that report a stand on public issues being active in the taxation and fiscal area. Table 23 indicates that it is the agricultural, foreign affairs, and health and welfare areas where agricultural associations are most active. While 55.6 percent of the agricultural associations that take a stand on public issues do so on agricultural matters, 25.9 percent of these associations also take stands on foreign affairs issues and 18.5 percent take stands on health and welfare matters. In line with a previous discussion, the export and import trade laws, and related food shipments

abroad account in great measure for agricultural association interests in foreign affairs; and various food welfare programs along with pure food and drug legislation help to explain their interests in health and welfare matters. On the other hand, the interests of financial, insurance, and real estate associations in fiscal matters is self-explanatory, and the high percentage of these associations that take stands on taxation and fiscal matters would normally be expected. Earlier, the interest of national business associations in promoting issues at the local level primarily affecting the business and professional community was established, and Table 23 indicates that these interests often are centered around taxation and fiscal problems. The interest of these organizations in problems at the grass roots level is also indicated through the wide range of issues on which they take stands. At least 8 percent of the national business associations take a stand on issues involving every major category listed in Table 23, and this is the only activity type with this widespread representation. This national business association activity type is particularly active in general legislation, health and welfare, labor relations, and education; and the issues in these categories often predominate at state and local levels.

Manufacturing trade associations are particularly active in areas that affect competition and production. Taxation and fiscal matters are very important to costs of production and profits. Over 50 percent of the manufacturing trade associations take stands on these issues. Thirty-one percent of these associations take stands on foreign affairs issues. The rising tide of foreign competition,

TABLE 23. Issues Which Associations Take a Stand on by Activity Type

Activity Type	Agriculture			Civil Liberties			Education			Foreign Affairs			General Legislation			Health and Welfare			Labor Relations			Military			Public Resources			Taxation & Fiscal			Number of Associations Taking Stands
	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%	Rk. Ord.	
ılture	15	55.6	1	0	0.0	3	0	0.0	4	7	25.9	2	3	11.1	7	5	18.5	3	2	7.4	6	0	0.0	4	5	18.5	3	7	25.9	7	27
Business Assoc.	2	8.3	3	2	8.3	1	7	29.2	1	3	12.5	4	12	50.0	2	11	45.8	2	9	37.5	2	2	8.3	1	3	12.5	5	17	70.8	2	24
ale, Retail Trade	3	9.4	2	0	0.0	3	0	0.0	4	2	6.3	6	21	65.6	1	4	12.5	7	15	46.9	1	0	0.0	4	2	6.3	6	12	37.5	6	32
Manufacturing	2	5.2	4	0	0.0	3	2	5.2	2	12	31.6	1	14	36.8	4	7	18.4	4	5	13.2	5	0	0.0	4	9	23.7	2	20	52.6	4	38
[illegible]es	1	4.5	5	1	4.5	2	0	0.0	4	3	13.6	3	10	45.5	3	3	13.6	5	7	31.8	3	1	4.5	3	3	13.6	4	11	50.0	5	22
, Comm., & Util.	0	0.0	6	0	0.0	3	0	0.0	4	1	6.7	5	2	13.3	6	2	13.3	6	2	13.3	4	0	0.0	4	13	86.7	1	9	60.03		15
Ins., & Real Est.	0	0.0	6	0	0.0	3	1	5.0	3	1	5.0	7	4	20.0	5	10	50.0	1	0	0.0	7	1	5.0	2	0	0.0	7	15	75.0		20
Totals	23	12.9		3	1.7		10	5.6		29	16.3		66	37.1		42	23.6		40	22.5		4	2.2		35	19.7		91	51.1		178

any one association may "take a stand" on more than one issue, percentages do not add up to 100.0 percent.

export-import restrictions, and government sales and purchases from abroad are of basic concern to manufacturing. Public resource issues attract the interest of 23.7 percent of the manufacturing associations which is significant; raw materials and public power interests of manufacturers account for their interest in this area. It is surprising that they rank fifth in taking stands on labor relations issues with a 13.2 percentage. A plausible explanation for this lower ranking is that labor unions are more entrenched and accepted in manufacturing than in wholesale retail trade or services, and pose less of a threat to the welfare of the respective memberships. These latter two activity types rank high in their interests in labor relations. Wholesale retail trade, which ranks first in this area, is constantly threatened with labor union inroads it feels it cannot afford from the standpoint of costs. Services represent a professional interest quite opposed to the ideals of organized labor. Many of the services associations sustain managerial interests in regard to labor unions.

While trade and business associations are most active in taxation and fiscal matters they are least active in the categories of civil liberties, military, and education. In fact, national business associations, with their diffusion of interests, are the only associations that are significantly active on these latter issues. The paucity of trade and business association activity in these categories indicates that changes in these three areas do not significantly threaten them generally. It is clear from the preceding analysis of Table 23 that change in particular areas of society is a basic

interest of trade and business associations. The emergent forces at work in the area of labor relations are of particular interest to wholesale retail trade. Inroads of foreign competition and the attendant problems that face manufacturers generate a basic interest among manufacturing trade associations in foreign affairs. Transportation, communications, and utilities associations are continually interested in issues involving the use and control of public resources. Trade and business associations are generally concerned with taxation and fiscal issues which affect costs and profits in their respective industries. The fact has been established, as suggested in hypothesis I, that these associations are membership-oriented institutions and they exist to fulfill certain membership needs. Emergent forces producing changes in basic areas such as those identified above affect both membership needs, and subsequent demands made on associations. Given associations, as suggested in hypothesis II, attempt to flourish in the face of an emergent society by taking stands on major issues that serve their respective memberships, and seek modifications that help keep them congruent and adaptable to the dynamic forces of the society.

While taking stands on public issues by trade and business associations is a significant vehicle for influencing change in the public sphere, it often involves more reaction to forces rather than actually shaping the forces themselves at the grass roots. An effective means of shaping the forces of change is to educate the general public to a particular point of view. These associations do conduct external educational programs directed at the general public.

Table 24 is an analysis of the extent of this external educational activity among the seven activity types. Nearly one-half (46.6 percent) of all trade associations conduct external educational programs directed at the general public. While this figure is considerably less than the 83.3 percent that conduct internal educational programs as indicated by Table 18, Chapter IV, it is still large enough to indicate that this type of activity plays an important role in the functional nature of many of these associations. The agricultural activity type ranks highest with 67.5 percent of these associations reporting positive responses to the external educational activity question. The manufacturing activity type also ranks above average with 53.3 percent of these associations indicating that they have external educational programs. The wholesale retail trade activity type ranks seventh with one-third of these associations conducting external educational activity. The cohesive nature of the competitive problems that face agriculture and manufacturing helps to account for their higher ranking when compared with wholesale and retail trade. Transportation, communications, and utilities associations face a high degree of governmental control and also rank low in this activity among the seven activity types. However, the fact that nearly one-half of all the associations in the sample do conduct these programs emphasizes grass roots activity that can be used to influence the public. Disseminating knowledge favorable to the association facilitates its adjustment to a changing environment. Opinions are shaped, issues are recognized, and information is exchanged that support the trade or business association's position in

TABLE 24. Presence or Absence of External Education Programs by Activity Type

Activity Type	Yes			No			Total	
	#	%	Rk. Ord.	#	%	Rk. Ord.	#	%
Agriculture	27	67.5	1	13	32.5	7	40	100
Manufacturing	48	53.3	2	42	46.7	6	90	100
Finance, Insurance and Real Est.	15	48.4	3	16	51.6	5	31	100
National business associations	15	45.5	4	18	54.5	4	33	100
Services	23	37.1	5	39	62.9	3	62	100
Transportation, Comm. & Utilities	10	37.0	6	17	63.0	2	27	100
Wholesale and Retail Trade	15	33.3	7	30	66.7	1	45	100
Totals	153	46.6		175	53.4		328	100

the greater society, and all this is accomplished at the grass roots level, which is so vital in democratic government.

This brief analysis of the public sphere is not comprehensive of all possible avenues of trade and business association influence in that sphere. Instead, two basic vehicles were investigated that are used by trade and business associations to shape and adapt to change. The extent that these associations use each vehicle adds further support to hypothesis II of this study.

Summary

It was hypothesized in Chapter I that trade and business associations vis-a-vis society come into being, grow, and flourish to the extent that their objectives are congruent with the psychological, sociological, and economic forces of a changing society. A corollary

to this hypothesis states that survival of a given association depends upon its ability to adjust to the emergent forces in the surrounding society. The contents of this chapter are supportive of the above hypothesis and its corollary. By focusing on the governmental sphere and the broader public sphere, this chapter exhibits data that demonstrate the important interaction between trade and business associations and the greater society. Governmental relationships and public influence mechanisms emerge from the analysis as vehicles widely used by these associations in their attempt to stay congruent with the dynamic forces of the society. Table 25 contains a capsule summary of the chapter by taking the important variables analyzed and assigning high, medium, and low values to each of them by activity type. These high, medium, and low values are assigned relative to the other activity types. A given activity type can rank low or medium in amount of activity in a given area when compared with other activity types; but, as the data presented have shown, it can still conduct a significant amount of activity in that area in the absolute sense. Table 25 shows that participation in the governmental and public spheres is considerable, even on a relative basis. Five of the seven activity types rank high in at least one area of participation; and a sixth (manufacturing) conducts a moderate amount of activity in all areas mentioned. Services is the only activity type that ranks comparatively low in extent of participation in these two spheres, but earlier analysis revealed that its participation was significant in certain limited areas. Extreme specialization of interest which characterizes services associations accounts for this finding. While

it is a significant fact that agricultural associations have the closest ties with government, and are particularly active in the public sphere, Table 25 indicates that the broader societal relationships of the other activity types must not be under-emphasized. Particularly, the finance, insurance, and real estate, and wholesale and retail trade associations are very active in the two spheres. The economic development of the American society is reflected in this finding. The financial problems of the 1880's, trade legislation in the 1890's, and the highly cyclical nature of economic activities in the first half of the twentieth century were of basic importance to these two activity types. These problems and ensuing legislation were products of a changing society, and they, in turn, produced further changes that greatly affected financial and business interests. For example, banking failures and the subsequent establishment of the Federal Reserve System, the depression of the 1930's and the bank reform and work projects that followed created definite interest channels between government and finance. The trade and trust problems of these earlier decades that resulted in such legislation as the Sherman Anti-Trust and Clayton Acts as well as later trade legislation have developed similar interest channels between government and wholesale retail trade associations.

Although these examples refer to those activity types that rank highest in governmental and public activity in a relative sense, it is again stressed that other activity types also significantly participate in these spheres. Similar explanations could be given

TABLE 25. Relative Extent of Trade and Business Association Interaction in the Governmental and Public Spheres by Activity Type

Activity Type	Gov't. Contracts	Formal Agreements with Federal Agencies	Informal Cooperation with Federal Agencies	Extent to Which Stand is Taken on Public Issues	Extent of External Educational Activity	Total
Agriculture	H	H	H	H	H	H
Manufacturing	M	M	M	M	M	M
Finance, Insurance, and Real Estate	H	M	H	H	M	H
Wholesale & Retail Trade	H	L	H	H	L	H
Transportation, Communications & Utilities	H	M	M	M	L	M
Services	M	L	L	L	L	L
National Business Assoc.	H	L	M	H	M	M

High, Medium, and Low Values assigned entirely on the basis of relative activity to other activity types.

for these other activity types, and each explanation would have one thing in common. Communality is seen in the fact that activity in the governmental and broader public spheres is considerable because it is used to both influence and adjust to the psychological, sociological, and economic forces of the surrounding society, which is fundamental to a given association's survival and success. Thus, the tenability of hypothesis II and its corollary are clearly reflected in the findings of this chapter. In the governmental sphere democratic government reflects societal hopes, feelings, and changes; and trade and business associations facilitate congruency and adjustment to these changes through the establishment of governmental ties. The public focuses on the grass roots elements of the society, and public activity such as stands on public issues and educational programs by these associations are designed to influence emergent trends in their favor. Activity in each sphere reflects the vital importance to the association of being congruent with emerging forces, and constantly adjusting to these forces.

The tenability of both hypotheses of Chapter I has been supported. Chapter II tested both hypotheses through the historical method. Chapters IV and V utilized the empirical method, with Chapter IV testing hypothesis I and Chapter V testing hypothesis II and its corollary. Chapter VI that follows contains three case histories of large-scale national trade associations that have been carefully selected to contribute depth and insight into earlier quantitative discussion, and further test the validity of hypotheses I and II through the case method. While they are not representative of the

data in any quantitative sense, they do give a very clear picture of how the basic functions of trade and business associations have resulted in dynamic activities designed to adjust a given association's environment to the functional accomplishment of its goals.

CHAPTER VI

THREE CASE HISTORIES THAT CHARACTERIZE THE GROWTH, ACTIVITIES, AND RESULTING FUNCTIONS OF LARGE-SCALE NATIONAL TRADE ASSOCIATIONS

Introduction: The Use of the Case Study Method in this Study

It is the purpose of this chapter to look at three particular association histories in detail to demonstrate most clearly the nature of the influences that have shaped the face of each association. Primary attention is directed at testing the fundamental hypotheses of Chapter I using the case study method.

The first chapter of this study of large-scale trade and business associations indicates that from an historical standpoint there are three primary focal points of analysis. Historically, three distinct periods produced pronounced effects on the character of large-scale national associations in terms of their activities, functions, and growth, namely, World War I, the great depression of the 1930's, and World War II.

In line with the findings and conclusions of the preceding chapters, the case histories contained in the present chapter give a clearer picture of how the numerous influences affected each association individually and the particular industry represented. Furthermore, these cases give more penetrating insight into the need fulfillment concept of hypothesis I and the emergent forces concept of

hypothesis II. Specifically, this chapter shows how these concepts operated in individual cases. Moreover, the three associations have been purposely selected in order that three major activity types would be represented, namely, manufacturing; finance, insurance, and real estate; and wholesale retail trade. In order to make each case history more meaningful, a brief introduction is included prior to each case which characterizes that particular association in terms of the categories contained in previous chapters.

A History of the American Bottlers of Carbonated Beverages

The first case history involves the American Bottlers of Carbonated Beverages, which is contained in the manufacturing activity type. The ABCB's Washington headquarters, which moved from Detroit, is highly departmentalized with five administrative departments. The United States Chamber of Commerce and the National Association of Manufacturers are among the large number of affiliates of this association. The ABCB membership contains managerial personnel representing 2,605 member organizations. Like most trade and business associations, it is primarily financed by this membership through their payment of dues. Its total revenue exceeds $375,000, which is in the average range for these associations. Also, like many associations, it has no formal working agreement with federal agencies but does cooperate informally with the federal government. An internal educational program is maintained by the ABCB but formal external education is not conducted. Finally, its staff size numbers twenty-four, which is typical of the larger staffs of manufacturing

trade associations. Since the above description does not contain extreme examples, this association can be regarded as being highly representative of manufacturing trade associations.

An historical view of the American Bottlers of Carbonated Beverages, the leading national trade association representing the soft drink industry, provides insight into how the aforementioned factors have affected the historical development of this particular association. Much of the historical data contained in this analysis were provided by John Riley's published history of the soft drink industry.[1]

The American Bottlers of Carbonated Beverages Association was formed in 1919 and was the outgrowth of earlier smaller associations that served the soft drink industry from 1882 to 1919. The earlier small associations were organized with protective goals. For instance, the U. S. Bottlers Protective Association, founded in 1882, had as its principal objective the prevention of the pirating of bottles, particularly the shipment of stolen bottles from one part of the country to another; it also attempted to secure passage of a federal law prohibiting the importation of carbonated waters, duty free, into the United States. The earliest association in the soft drink industry represents a clear attempt to both protect the competitive position of the membership of the association through regulating the type or extent of foreign competition, particularly the importing of carbonated waters; and secondly, to promote the

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[1]John J. Riley, A History of the American Soft Drink Industry (Washington, D. C.: American Bottlers of Carbonated Beverages, 1954).

general welfare of the industry by regulating the traffic of stolen bottles from respective producers. However, little progress was made in efforts to secure the passage of a federal law prohibiting traffic of stolen bottles or the importation of carbonated waters, duty free, and a new association, the American Bottlers Protective Association, was organized in 1889. This association was also designed to protect the bottlers' property rights with respect to their individual bottles, and its principal activities were designed to carry out this objective. Pledged to the elimination of this loss, the American Bottlers Protective Association continued to attract new members and in 1894 a proposed federal bottle law was approved and referred to a special committee for Congressional introduction. Although the measure actually passed the House of Representatives in 1896, successive failures to secure its passage in the Senate resulted in the association's 1899 decision to abandon the federal approach and press for passage of stringent state laws. The Spanish-American War, at the turn of the century, introduced the first threat of a federal tax on soft drinks. This association was active in showing the unfair and unproductive nature of such a tax and its enactment was avoided. Another milestone was passed at a 1901 meeting when this same association endorsed a proposal to require bottle deposits as a step towards a solution of the still prevalent stolen bottle racket. Again, the protection of competitive position and promotion of general welfare of the industry represented is clearly prevalent, and for the first time taxation arises as a major problem of a national trade association. It will be recalled from

Chapter V that trade and business associations take more stands on public issues involving taxation and fiscal matters than on any other issue. Similarly, this early American Bottlers Protective Association took a strong stand against the first federal tax to threaten the soft drink industry and was successful in preventing its enactment.

Annual meetings of this association were held during the early years of the 1900's, but the interest of carbonated beverage bottlers lagged. This disinterest was largely due to the fact that membership of the ABPA included both bottlers of beer and soft drinks, a situation that frequently resulted in divergent objectives. In these early years many favored the reorganization of the association to include only bottlers of soft drinks. Since no action was taken, however, the association entered the World War I period considerably divided in its organization and objectives. This fact gives a crucial example of what this study has alluded to in reference to the promotional and protection functions of hypothesis I. It is obvious that the interests of the soft drink industry often conflicted with the general welfare of the bottled beer industry, and as a result, a wide divergence in objectives and a cleavage developed between the two segments within the same association. During the early years of World War I, beer interests were waning in this association, and the bottle beverage industry united in its efforts to deal with new tax legislation designed to finance the war effort. Naturally, as a protective device the association wanted to keep taxes on its particular products at a minimum, but the changing demands of

the war years made this fight even more difficult. Taxation was the compelling reason for the reorganization action taken at a 1918 association meeting with a new national association being formed specifically to handle financial problems. The name adopted was the National Bottlers Association; however, this association was particularly concerned with the soft drink industry. This organization existed for only one year and its efforts were primarily directed towards tempering the federal 10 percent soft drink tax levied under a revenue act of 1918. The association was unsuccessful in efforts to combat this tax. In 1919 it took a long look at itself and the needs it must fulfill in order to meet its functional responsibilities. It was decided that the organization must be made both stronger and more representative of its industry. As a result, the association was reorganized into the present American Bottlers of Carbonated Beverages. While this case study concerns itself with the American Bottlers of Carbonated Beverages, this association was strictly an outgrowth of earlier organizations and each was essential in the formation of a national trade association representing the industry from its inception in 1882. The primary objective of the American Bottlers of Carbonated Beverages was the elimination of the unfair federal tax burden on its products, and in early years work was devoted almost entirely to this cause. By 1921 this association had been successful in modifying the position of the government with respect to the tax burden on the soft drink industry. The 10 percent tax on soft drinks was reduced significantly as of January 1, 1922.

In Chapter III the point was made that national associations

embarked on large-scale programs of trade promotion during the 1920's. This was also true of the American Bottlers of Carbonated Beverages. The association conducted special trade promotional campaigns with emphasis given to placing the industry's production function on a level equal to the steadily growing importance of the food products field. Particular attention was paid to proper plant operation from the standpoint of sanitation and product quality, and in the late 20's the scientific research began to appear. However, a basic program of publicity and trade promotion was the primary emphasis of this association during the period 1920 to 1930. The association indicated that in the early 20's the American consumer was familiar with carbonated beverages although he probably knew them by the name soda water, soda, or pop, common terminology for many decades. But, the industry's optimistic view, as reflected in the trade association, was based to a large extent upon proper cultivation of the consumer preference for its product. Many customers were prone to look upon soft drinks as one of those products to be enjoyed only at a ball game or at a picnic and promotional activities were designed to change the image of the soft drink into a more widely consumed product. During the period 1926 to 1929, the American Bottlers of Carbonated Beverages subscribed to a national advertising fund totaling almost $900,000 which included a series of ads in magazines of national circulation and in newspapers extolling the beneficial and wholesome qualities of carbonated beverages. Trade promotion was quite successful and bottled soft drink sales in 1929 reached an all time peak that was not attained again for several years.

Thus, the widespread promotional campaigns of all trade associations are clearly exemplified in the American Bottlers of Carbonated Beverages. Furthermore, protection and promotion of the mutual interest of the membership represented was clearly prevalent in this association during the 1920-30 period.

In Chapter III one of the conclusions was that the depression of the early 1930's had a pronounced effect on trade and business association activity and in reality presented a threat to the very existence of many of these associations. In line with the activities of many other national trade associations, the American Bottlers of Carbonated Beverages continued their efforts in the areas of trade promotion and product research, during the 1930's. These efforts were an attempt to solve growing industry problems that primarily involved declining sales. The broader aspects of the economic depression were, of course, the nation's primary problem, but during the depression the soft drink industry's problems of discriminatory taxation reappeared and this particular association renewed its attempts to prevent high taxation.

The ABCB is a prime example of the way the NRA brought renewed life to many national trade associations. The NRA, with its code of fair competition, expanded federal authority and regulation, served as a substantial warning to the industry leaders that only through a strong national organization could the problems of constant change in a growing industry be met effectively. During the depression years, the coordinated direction of activity through ABCB

under the NRA was a factor which helped the soft drink bottler to be one of the first to regain his sound pre-depression position. It is doubtful that without the impetus provided by the National Recovery Act such a position could have been achieved in such a short time or that the industry's trade association would have played a key role. The latter part of the 1930's involved a reconsideration and expansion of the most successful activities carried on by the trade association in the pre-depression period. The help of renewed strength granted earlier under the NRA made the late 1930's a successful period for the ABCB and the soft drink industry in general. In fact, the industry progressed rapidly each year until the Pearl Harbor disaster on December 7, 1941.

The events of World War II created another era in association activity that had no counterpart in the past. Restrictions of World War I were insignificant in comparison to those of World War II. The shortages of sugars, bottles, cases, gasoline, trucks, equipment, and manpower required for production and business operations of the soft drink industry were an everyday occurrence. Rationing created many difficulties and the ABCB was faced with some of its most serious problems. The bounds and ties of its relationship with the federal government were both strengthened and more pronounced. Official advisory committees appointed by the government from the association's membership were constantly active and did much to alleviate the greater difficulties. Even under these circumstances the industry was able to maintain a modest record of sales growth during the war years except for 1942. The exceptionally high demands for soft drinks

by the armed forces and workers in industrial plants, and by consumers generally were contributing factors. Thus, in line with the general conclusions of Chapter III, the American Bottlers of Carbonated Beverages emerged from World War II with stronger governmental ties, higher sales, and a firmly established position in the soft drink industry.

Significant advances were made in the application of statistics to industry problems through cooperation with wartime agencies and these techniques made possible further advancements in the post-war years. The post-war years were also characterized by a new public relations objective on the part of large-scale national trade associations and the American Bottlers of Carbonated Beverages was no exception. This association undertook a program of several years duration with its major purpose being to provide authentic information about the origin of carbonated beverages in the health field and their wholesome, beneficial, and refreshing qualities that could be available to every individual. Association publicity and advertising in the journals of the medical, dental, teaching, nutrition, and other opinion groups were important features of this ABCB program. In addition to the intensive effort and time spent by the association, generally, committees and members also took individual parts in the activity; over a period of ten years a total in excess of $600,000 was expended for this important work.

Post-war problems of the industry also required the combined assistance of the association membership in other directions. The

transition from a war economy to a new peacetime status presented many obstacles to the industry such as scarcity of new equipment and materials for manufacture, and shortages of structural steel and other elements vital to remodeling many of the bottling plants to meet new and expanded requirements. The solution to these and many other conversion problems was greatly aided by the industry's association through its Washington contacts with the federal government and its agencies. The strengthened ties with government as brought about by World War II certainly continued in usefulness particularly in the form of more open channels of government communication in the post-war years. As was true with many industries, the profit squeeze that followed the war was a major concern of the soft drink industry. Again, the ABCB used its strong governmental ties established during the war years to alleviate the problem of rigid prices. Through this association's combined effort with other associations, prices were allowed to return to a flexibility and freedom through competitive interaction that permitted members of the industry to undertake a readjustment of pricing levels. In addition to the public relations activity that most characterized the post-war period, this pricing adjustment was a vital factor contributing to the industry's growth.

Renewed emphasis on statistical research and development of industry products is also exemplified in the activities of the American Bottlers of Carbonated Beverages. For example, during the 1950's the ABCB developed a special text and materials on job evaluation,

aptitude testing, sales training, and on the essential features of cost controls and profit planning. All of these subjects were discussed and illustrated at the annual meetings and several series of conferences or schools were held in various cities throughout the country.

In summary, the ABCB is illustrative of the historical growth of a particular large-scale national association that is very similar to the growth of trade associations as a whole. In line with the developments of Chapter III, both World War I and II and the 1930 depression had pronounced effects on this trade association's activities that later affected the way its functions were performed. For example, the ABCB exemplifies the large-scale public relations and expanded market research activities that occurred in the post World War II era. It is interesting to note that the expansion of the soft drink industry, along with many other industries was particularly great during the post-war years and trade associations, in performing their function of protection and promotion of mutual interest seemed to embark upon activities of a much broader scale than had ever been seen before. Certainly, they were still concerned with taxation and fiscal matters, but by and large they were also undertaking an entirely different kind of activity with respect to their industries. This activity could be characterized as a renewed perception of the importance of an enlightened public in the success of any industry's products. Market research and public relations are ways of both understanding and fulfilling the needs of an enlightened public. These needs are probably a result of an emerging affluent

society where goods are easily produced, incomes are high, and wants are many.

This case history contains further evidence supporting both hypotheses I and II. The membership need orientation of the association is clearly present in all its activities. The protection and promotion of mutual interest of hypothesis I, as seen in the ABCB, have remained constant throughout its development as the representative trade association of the soft drink industry. It came into being, grew, and flourished to the extent it could meet membership needs. In reality, the association was an outgrowth of earlier associations which had failed to fulfill successfully their need-oriented membership mission. The emergent forces concept of hypothesis II is also clearly present in this history. Emergent forces generated by the war years and depression period threatened the survival of the association, and many steps were taken to remain congruent with these forces. As developed in Chapter V, in order to survive, activity in the governmental and public spheres was used by the ABCB to deal with these forces. Earlier associations in this industry did not adjust to change and thus failed.

A History of the Investment Bankers Association of America

In contrast with the above case study illustrative of manufacturing associations, the Investment Bankers Association of America founded in 1912 falls into the financial, insurance, and real estate activity type. Possibly some differences will emerge between historical growth of this financial association versus the typical growth

of a manufacturing association. Historical pamphlets published by the IBA contributed many useful facts to this case history.

The IBA established its headquarters in Washington, D. C. in 1954, moving there from Chicago. It sustains a headquarters staff of twenty-three, not organized into administrative departments. This association is primarily financed by its 795 member organizations represented by managerial personnel. The total income of $386,000 in 1961 included some money from proceeds from sales and services. Although the IBA does not have formal working agreements with federal agencies, it is particularly active in both the governmental and public spheres. It maintains informal cooperation with government, particularly the treasury department. Stands are taken on public issues, and it recently opposed withholding taxes on interest and dividends. It also conducts both internal and external educational activity.

The basic purpose of the Investment Bankers Association, as stated in its Constitution, is as follows:

> In order that investment bankers may the better serve both those who purchase and those who sell securities through which the necessary funds are raised for the operation and expansion of business activities and for the carrying on of public functions and they thus contribute to the increase in national wealth and in its wide difusion. And in order that they may aid in these directions through mutual cooperation, through the maintenance of high standards of service, through self regulation, and through the support of appropriate legislation this constitution is hereby adopted by the Investment Bankers Association of America.

It is clear from this statement of purpose that this financial association still maintains the two key functions of protection and

promotion of the mutual interest of its memberships. Promotion of mutual interest is contained in the statements involving the maintenance of high standards of service and through the general concept of better serving those who compose their market. The concept of protection of mutual interest is contained in the statements of activities in support of appropriate legislation and self-regulation within the membership. In fact, the historical analysis of this association indicates that through its officers, committees, and staff the IBA endeavors to keep its membership advised of significant developments affecting their interests and those of investors. From time to time reports are published on various industries, government, municipal and corporate securities, and other investment-related subjects. The association officers and committees also speak for its membership on significant issues of the day. Through these means an association is able to present its own interests and, since theoretically the association represents its membership, the mutual aid factor is present and the interests presented are generally the result of the consensus developed within the association. In this way, the interests of the memberships of the association are protected. The competitive protection function is important to understanding the early founding and growth of the IBA. While this association was actually founded in 1912, its roots go back to the older American Bankers Association which was founded in 1875. The factors surrounding the separation of the IBA from the American Bankers Association gives a greater understanding of this protective function and

also helps to show the way in which many of the newer types of industries or enterprises developed with the growth of the particular industry or enterprise. For instance, the Investment Bankers Association deals with a particular kind of investment banking and in the late 1800's and early 1900's this particular activity was just beginning to blossom in the American economy. But the emergent forces of the great society continually pushed it further ahead in growth and importance until by 1910 the interests of investment bankers were crystalized and isolated as an individual activity apart from all bankers. Thus, in 1910 a group of organizations engaged in the investment banking business, including some commercial and private banks, suggested to the American Bankers Association that a separate section on investment banking be established. Interestingly enough, the American Bankers Association Executive Council voted against this proposal, and as a result an organizing committee of thirty investment bankers decided to form an independent national organization. With their own interests crystalized into a unified whole, investment bankers realized that in order to promote these narrower interests they were better off in breaking with the parent American Bankers Association.

This crystalization of interests among the investment bankers led to their own separate national association. The Investment Bankers Association of America, was organized at a 1912 meeting in New York of representatives of 181 investment banking organizations and banks drawn from all parts of the United States and Canada. Until

that time, this was the largest single gathering of investment bankers in one meeting. This fact alone suggests the need fulfillment that was being sought by members of this profession. In the early years of this association, the kinds of interests that were of primary concern to these people as investment bankers are clear. At the first convention the members were interested primarily in the blue sky laws of that period and subsequently adopted a resolution requesting the legislative committee to draft a model state law representing the best views of the association. Also, effort centered in the first federal income tax law before Congress in 1913 and the IBA legislative committee advocated changes designed to promote the membership's interest. In 1915 the IBA taxation committee was active in the income tax filing problems of IBA members and published an extensive report in book form called Principles of Taxation. The Federal Reserve Act of 1913 that set up the federal reserve system particularly interested the IBA membership, and the special committee on monetary legislation that followed this period had tremendous impact in Washington on the relationship between investment banking and the federal reserve banks. The function of protection of mutual interest of its membership is clearly seen in the above actions. In order to establish a preferred position with respect to membership interests in the governmental sphere, this association resorted to pressure in the form of a legislative committee formed to deal with tax problems and other problems of importance in the investment banking business. Also the promotional function emerges from the creation of the special committee on education in 1914, which

formulated a bond course for young men entering the securities business. Two years later a second education committee was appointed to revise that course and to plan a companion course on investment banking. In 1917 this same committee surveyed university and college courses on investment and subsequently prepared a number of courses in book form for training securities personnel. Traditional trade association functions are apparent in this association's activities in the years that preceded World War I.

The World War I era had a pronounced effect on this trade association. The case history of the American Bottlers of Carbonated Beverages indicated some of the unique problems that faced manufacturing interests as a result of the war effort. The types of problems that faced financial associations such as the Investment Bankers Association of America were somewhat different from the problems facing manufacturers because these problems involved a purely financial base as opposed to a production base. Nevertheless, financial problems in any war period are certainly of equal importance to those of production. In fact, from 1914 to 1917 a deluge of foreign securities was absorbed by Americans and hundreds of millions of dollars were loaned to foreign borrowers who had previously depended on London for credit. Our financial community, which had made practically no foreign loans prior to 1914, was staggered by the requests for billion dollar Anglo-French credit late in 1915. The Investment Bankers Association played a major role in helping to solve the problems created by such requests. The tremendous latent capacity of our financial machinery surprised the

European financial experts and they were anazed when our capital market machinery went into high gear following the declaration of war on April 6, 1917. The IBA and its members actively cooperated with the Treasury Department in making the liberty bond drives a success and from 1917 to 1919 over $24,500,000 in government bonds were sold to people who had been described previously by a commentator as not thrifty and unaccustomed to buying government bonds. Also, by the close of the war our country loaned the allies more than $10 billion. The facilitating functions provided by a national association of investment bankers certainly must be regarded as an aid to the financing problems that this period presented, especially since their function is to link those requiring capital to those able to supply it. Strong forces of a wartime economy threatened the financial sector and the ability of this association to help that sector sustain itself in the war-time environment was a great contribution to its membership.

At the close of the war, the Investment Bankers Association emerged as a strong financial force largely because of its strengthened relationships in the governmental sphere and its successful pursuit of recognition in the role of financial advisor and aid in government war finance. During the 1920's the IBA used its expanded strength resulting from a successful war effort to help private enterprise with deferred financing in the domestic market. This effort was so successful that along with the other efforts in American business, the country became financially self-sufficient. Although state

and local governments expanded their debt greatly, IBA activities facilitated funds for this expansion and many municipal improvements became a fact during the 1920's. The IBA staff continued to expand during the twenties to help handle this larger volume of financing. Additional groups were formed throughout the country to work on local problems and assist the national association at the national headquarters level.

It will be recalled from Chapter III and also in the example given in the American Bottlers of Carbonated Beverages that during the 1920's large-scale trade and business associations embarked upon significant programs of trade promotion and national advertising during this period. This was true in finance as well as in manufacturing. The Investment Bankers Association began a national advertising campaign in 1924 to inform the public about the dangers of "get rich quick" schemes and to foster sound investing. Much was accomplished by the IBA publicity committee with a special budget of $250,000 provided by membership subscriptions in the mid-twenties. In 1927 the IBA published a book on advertising investment securities in cooperation with the Financial Advertisers Association. While manufacturing trade promotion activities during the twenties centered in promoting specific advantages of different types of products produced by the industries which particular trade associations represented, it is apparent from the IBA that financial trade promotion often took the form of advertising on behalf of sound investing, sound borrowing, or sound financing. During the '20's the IBA also emphasized some educational programs designed to acquaint people with

the functions of investment banking. Applied to financial associations, these particular types of promotions were sympathetic to the members of the respective association. In function, there is essentially no difference between the manufacturing type trade promotion and the financial type trade promotion in that each is designed to promote the interest of the membership represented. In manufacturing, of course, this interest represents a particular type of good, while in finance a particular type of investment, credit, or banking interest is involved.

This association entered the depression period as a strong and vibrant association that was partially a result of the prosperous twenties. In Chapter III of this study emphasis was placed on the tremendous impact of the great depression of the early thirties on the activities, nature, and position of large-scale national trade associations. The great importance of the NIRA was pointed out both in Chapter III and in the case of the American Bottlers of Carbonated Beverages developed earlier in this chapter. But probably no group of associations in American life felt the impact of the great depression to any greater extent than did those associations particularly involved with the financial aspects of the economy. Further, probably no other association experienced any greater impact from the depression than did this Investment Bankers Association, which was particularly involved with the securities aspect of finance. The period following the stock market crash of 1929 was one of profound change and adjustment for the financial community

in general and the securities business in particular because it marked the advent of a long series of federal laws designed to regulate both banking and the securities business. These regulations were an outgrowth of the serious problems of American finance that were fully realized with the hardships brought on by the depressed conditions.

The entire financial segment of American life was about to undergo a series of revisions and reorganizations. The Investment Bankers Association became involved in this type of revision activity more than in any period of its history. The records of the association disclose that its officers, committees, and staff were devoted in large part to these problems, specifically in trying to devise constructive contribution to these proposed changes and additions to the law. In addition to the NIRA, the banking and securities acts of 1933 and the Securities Exchange Act of 1934 were key acts containing provisions dealing with all facets of securities and their regulation. The nature of these acts in their final form was certainly influenced by the legislative activities of the Investment Bankers Association but their effectiveness in actually changing any of the provisions can be questioned. Nevertheless, the activities of the IBA in the governmental sphere were recognized and given at least limited consideration, and the association entered the 1940's in a stronger position in the American economy than it had ever before experienced. While the activities of the association in the governmental area were a trying experience, they were important

and expanded in many areas designed to strengthen the position of the industry. The organizational structure of the association was revised in 1936 and geographical units were established to help deal with municipal and state problems on a regional basis. But more significantly, this association in finance, as the ABCB and others in manufacturing, attempted to promote confidence and renewed demand among American consumers and investors. In the mid-thirties the IBA inaugurated a program to restore popular confidence in securities investment and to provide an increased volume of funds for economic growth. Groups and members were encouraged to conduct public forums on securities and investing, and newspapers were urged to give additional space to reporting the securities markets and related developments. Again, this general trend of trade association activities in the thirties centered around the problem of reviving the economy, and the protection of membership interest took the form of an expansion of activities designed to revive the life of the particular industry represented. In fact, in accepting the presidency of the association in 1938 President J. C. Witter pointed out that the association's number one job was to revive the investment banking business, not alone for the benefit of those in the business but for the benefit of everyone in the country, the working man, the farmer, the businessman, the man on relief. President Witter also emphasized that the number two job was to explain the investment banking business to the American people and to correct the general misunderstanding that has prevailed about the business. President Witter saw this problem as did many men of other industries as one in

which the industry had to be revived at the grass roots level.

Just before World War II the IBA subscribed nearly $700,000 in addition to normal dues for a public information program conducted by a public information committee with offices in New York. The committee prepared booklets, speeches, and articles for publication in magazines and also sponsored the first IBA film "America Looks Ahead." This program was a part of President Witter's attempt to continually revive the investment banking business because the full effects of the depression on the financial segment had not been counteracted by 1940. This program was continued until the start of World War II and proved to be quite effective. The banking business was certainly on the upswing and the census showed that right after the start of the war in 1942 the aggregate capital of the membership was extremely high. In fact, as early as 1939 the sum had reached the $330 million mark. Thus, investment banking entered World War II with renewed life and the IBA played a major role in this revival.

In World War II, as in the first world war, the IBA cooperated wholeheartedly with the U. S. Treasury to foster the sale of government bonds to finance the war effort. The Treasury created victory fund committees in each of the twelve federal reserve districts in 1942; many who had been active in IBA affairs served on these committees throughout the war. Also, the IBA sponsored a war finance conference at their 31st annual meeting at New York City in 1942 to discuss the vast job of financing the nation's defense needs.

Other attempts at solving war and postwar financial problems were continued until the close of World War II under the sponsorship of the IBA. As with other trade associations, the war effort strengthened government ties and emphasized the fact that there was no substitute for the organized association in helping to solve the multitude of wartime problems of the respective industries. Certainly as many other trade associations greatly aided production or services in the war effort, the IBA greatly aided the financial aspects of World War II and the effort was of comparable importance to the other segments.

During the postwar years, like most other large-scale national associations, the IBA continued to grow in prominence, strength, and numbers. This growth can, in part, be attributed to the growth of the financial system itself. Over the sixteen year period, 1946 to 1961, $120 billion of new money was obtained by industry through the sale of securities, and the investment banker played a major, if not dominant role, in this operation. To assist the association's officers and committees in these expanded activities after the termination of the war, a number of additions were made to the IBA staff. A Washington office, in addition to the Chicago office, was opened in 1946. The staffs of the two offices were consolidated into a single office in Washington in 1954. While New York and Chicago emerge as financial centers in the locational analysis in Chapter IV, it is important to note that this particular association, while originally located in Chicago, in recent years transferred its headquarters to Washington. The close association

of investment banking to municipal and other types of governmental finance probably played a key role in this movement.

During the postwar years the IBA, like many other trade associations, continually expanded its educational programs to include training courses, management seminars, and all types of group educational activities. Public relations activities were increased through radio, television, and other media. The civil suit brought by the U. S. Justice Department charging antitrust violations against seventeen member investment banking organizations in 1947 had some effect on stepped up education and public relations activities. This suit dragged on for four years but was dismissed in November, 1951 without further action. The suit essentially charged that the defendants entered into a combination conspiracy and agreement to restrain and monopolize the securities business of the United States, and that such business was thereby unreasonably restrained and in part monopolized. Although this suit was dismissed in 1951, it gives a splendid example of how protection of mutual interest as set forth in hypothesis I as a major trade association function can be carried to the point of governmental restraint. In fact, the suit itself was brought against the IBA as well as the member organizations involved charging the entire group was acting through the IBA in a questionable pattern of monopolistic tendency.

In summarizing the history of the Investment Bankers Association of America, it is again clear that the basic relationships suggested in hypotheses I and II are present in the case of the IBA.

The protection and promotional functions of hypothesis I were fundamental to this association's origin and growth. The IBA was an outgrowth of the crystallization of specialized interests that sought promotion and protection. It grew and flourished to the extent it fulfilled these basic membership-oriented functions. In fact, promotion and protection of membership interests by this association achieved such effectiveness that it invited a federal government suit charging seventeen of its member organizations with antitrust violations in 1947.

The emergent forces concept of hypothesis II has also been continuously at work in this association. Its case history conforms completely to the historical typology of Chapter I. Emergent forces created by a dynamic economy, two world wars, and the great depression threatened the existence of the IBA. In order to survive, it had to meet the challenges of societal change, and it met these challenges through interaction with both the governmental and public spheres. For example, wartime financial needs challenged this association, and it worked hard in the governmental sphere to both expedite liquidity and to sustain its membership's image. The new forces of the great depression presented severe challenges to this association because of its financial environment. Activities were undertaken in the public sphere to renew confidence in investing and banking. Renewed confidence was not only vital to the economy, but to the economic survival of the banking business. This association emerged from these challenges and flourished because it was able to sustain its membership in a changing economy. The strength of the emergent forces

of depression economics, and wartime finance suggest that more than just luck was involved in the survival of the IBA. The importance of hypothesis II and its corollary cannot be underemphasized in the case of the IBA.

A History of the National Association of Electrical Distributors

The final case to be examined is the history of the National Association of Electrical Distributors. Since this association is primarily concerned with distribution, it is placed in the wholesale retail trade activity type. This association's history provides a broader perspective of the trade segment by including a third and different activity type than the other two cases contained in this chapter. Historical materials published by the NAED aided the ensuing analysis.

The NAED maintains a staff of eleven in its non-departmentalized New York City headquarters; the staff is somewhat smaller than the previous two cases but quite characteristic of the wholesale retail trade activity type. Its membership of 1,050 business firms was the exclusive source of its $285,000 income in 1961. Its affiliation with the National Association of Wholesalers, aids the performance of its functions. It is active in both the governmental and public spheres, and maintains close contact with federal government officials. Most recent stands on public issues by the NAED included the two broad areas of taxation and labor relations. Internal educational programs are conducted for its membership, but external educational activity is not undertaken in the greater society.

Like the other cases, the National Association of Electrical Distributors has a case history that includes both other names and a multiplicity of changing problems. The National Association of Electrical Distributors had its beginning in the Electrical Supply Jobbers Association formed in 1908. The earliest national association was formed because of the need of a new type of merchandizer in the electrical industry, to develop better business opportunities, to protect his interests, and to supply the best method in channeling wholesale distribution of electrical products. The stated purposes of the ESJA were as follows:

> That it be national in organization and outlook and it be formed along the lines of these objectives: to promote the welfare of its membership, to distribute fullest information on matters affecting the electrical supply jobbing business, to bring about friendly relations between electrical supply jobbers and others engaged in the electrical business, to assist in standardizing and marketing of high grade electrical merchandise, and finally to help improve the quality of electrical goods.

This association has the two basic functions of protection and promotion of the mutual interests of its membership. These functions are characterized in its attempts to bring about friendly relations between electrical supply jobbers and others engaged in the electrical business, to assist in standardizing and marketing of high grade electrical merchandise, and to help improve the quality of electrical goods. Protection of mutual interest function was clearly developed in the first action of this association. Soon after its inception in 1908 it was concerned with the price cutting problem that was prevalent in the infant electrical wholesaling industry. In order to protect its membership from possible economic destruction

through dangerous price cutting, the association encouraged the members to study their warehousing and sales programs, methods of handling materials, and methods of office routine in order to gain an efficient operation above that of the price-cut house. By getting reputable electrical wholesalers, that is, their own membership, established firmly as the most economical outlet for the manufacturers' goods, it was hoped that this could compete effectively with the price cutting organization. This association regarded the price cutting organizations as wrong. Therefore, its membership did not engage in this type of activity. Consequently, as a means of protection of its membership, it wanted to do away with price cutting. In 1910 in the interest of greater efficiency and to reduce overhead costs, the association proposed the elimination of traveling salesmen; however, this proposal was not adopted as many members of the organization did not want to make so drastic a change.

As another means of creating more efficiency in the distribution of electrical goods, there were attempts by the association to standardize the packaging procedures of particular electrical products. It was felt that the high cost of freight could be reduced by making improvements in packaging. The association recommended many specific changes in package size and content with apparently successful results as distribution rates were reduced on many of the electrical products. Shortly before the United States entry into World War I this efficiency program had shown positive effects; during the eight years of the association's existence, costs had been

greatly reduced and the competitive position of the membership as a representative of the industry had been strengthened.

With the success of the industry's efficiency program, initiated and supported through the association, an established fact, the association shifted its activities to a cultivation of the expanding electrical market. One speaker expressed the theme of the 1917 convention when he stated that electrical consumption at that time was $700 million but that with systematic cooperation with retailers and contractors the annual demand could be increased to $2,500 million in the next five to ten years. Another speaker indicated that of some 20 million homes in the country only 5.5 million had electric lights. Market expansion was presented as a basic challenge and opportunity for the electrical industry. This shift in attitude from efficiency to promotion gives a striking example of the emergent forces at work among large-scale national trade and business associations. While the association was well on the road to solving efficiency problems, an expanding consumer market brought about by numerous other forces at work in the economy provided a great opportunity for expansion of electrical products. This association seized that opportunity as a challenge and set forth proposals to capitalize upon it.

The planned program of expansion growing out of the 1917 convention was temporarily interrupted by America's entry into World War I. The Electrical Supply Jobbers Association established a war service committee to protect the interests of the electrical supplier

during the war and also to facilitate communication with governmental agencies. During the war this association faced somewhat different problems than those facing the other two associations discussed in this chapter. The position of the electrical supply jobber as a wholesaler was questioned by many people in the electrical industry, and as a result of this, many manufacturers dealt directly with government buying bureaus during the war period. The hard pressed jobber found himself squeezed out of the picture in many cases due to the philosophy of many manufacturers that the middle man adds nothing to the product but cost. The relationship of the Electrical Supply Jobbers Association with the government was a very important one during the war period. This was true for many large-scale national trade and business associations, but the particular relationship of the ESJA was unique. Their war service committee adopted a pledge for the entire industry which charged electrical wholesalers with the responsibility of conducting their operations along prescribed lines in support of the war effort. Many of the committee's members journeyed directly to Washington to take their argument to governmental leaders. The members were successful in convincing industry leaders that electrical wholesalers were essential to the country, its war effort, and its future. This was regarded as a major victory by the association because many government leaders had previously opposed the wholesaler as an unnecessary middle man.

The Electrical Supply Jobbers Association emerged from World War I as a stronger association with strengthened ties with government and a more firmly established position in American economic life.

Both Chapter III and the two previous case histories of this chapter indicated a post World War I emphasis on trade promotion and advertising by large-scale national trade associations. The Electrical Supply Jobbers Association also followed this pattern with an appropriation of $12,000 to an advertising program in 1919 and an increase to $25,000 for the next year. Expansion and promotion was a continued activity throughout the 1920's with particular attention given to the advantages electricity added to the American home through such things as appliances. Business was good during the early twenties and the Electrical Supply Jobbers Association was able to substantially improve the volume of electrical business during this era. With prosperity at hand, special committees of the association established codes of ethics as a guide for those either engaged in or about to become engaged in the business of jobbers and distributors of electrical materials. Safeguarding codes were established for inspection and maintenance of electrical wiring materials and these codes were strongly supported by association activities. These activities again show the change in our emergent society. Prosperous conditions encouraged this association to try again to promote further industrial activity and to protect membership interests through formalized codes of ethics and standardized maintenance procedures for electrical equipment.

By 1927 the organization of the association was revamped and the headquarters was moved from Chicago to New York. Proximity to the great trading and construction boom areas of the East may have

been a primary factor in this movement. There was also an emphasis at this time on the great benefits to wholesale jobbers that membership in the association provided. With business booming the association was attempting to strengthen further its position in the electrical field. Soon after this the great depression hit the American economy and, as with other trade associations, it produced one of the most significant and far reaching effects on this association's activities. As these problems faced the industry, the name, National Electrical Wholesalers Association, was adopted to replace the old name, the Electrical Supply Jobbers Association. The aim of this newly named association was to make members realize that their future welfare depended on running their business with utmost efficiency. The depression of the thirties produced a somewhat different effect on this particular association in the wholesale retail trade activity type than it did on the two associations in manufacturing and finance, whose case histories have been examined here. This association became primarily concerned with protecting the member wholesaler from elimination or extinction. Industry spokesmen expressed the belief that the depression of the thirties had done more than any argument or any number of written words might to prove to manufacturer and to consumer alike the importance of an efficient and well organized wholesaler. The association wanted to make it emphatically clear that their membership was an important segment of the wholesale retail trade economy in the face of some fear that the great depression might hit the wholesaler particularly hard. The association established a survey and research department

in 1930 to study and report on methods of dealing with such common problems as clerical and accounting operations, use of special office equipment, determination of basis for salaries and wages, insurance of all kinds, and cartage. These activities reflect the basic differences in the approach to depression problems that a wholesaling organization would take as opposed to a production or retailing organization. As developed in Chapter III and as seen in the history of the ABCB contained earlier in this chapter, the productive type of enterprise was primarily concerned in discerning consumers' wants and needs during the depression and trying to revitalize demand in order that the production of a particular product could be continued or expanded. On the other hand, a wholesaling organization such as the National Electrical Wholesalers Association was basically concerned with protecting the position of the wholesaler as an entity, and for this reason their activities centered around making this operation as efficient as possible in distributing goods to consumers. The NRA unquestionably aided this association because, in effect, it made it mandatory for trade associations to become truly representative of the industry. When this association became active in promoting organized planning methods of wholesalers such as methods of cost and selling, it was certainly an asset to be known as the representative association of the industry. The promotional and efficiency activities of the association throughout the thirties proved to be quite effective and by 1938 the electrical wholesaling business had grown to be one of the country's leading wholesale industries employing the services of 40,000 persons and in

normal years turning over a volume of $700 million worth of goods. It is interesting to note that the association reports that only sixty eligible wholesale firms were not members of the NEWA by 1938.

World War II had a crucial effect on this trade association as it did on the others. This association had a more established role in World War II than its role in the World War I era. Production requirements of electricity were critical during the war and with the position of the wholesaler firmly established, the government announced that a distributor section was being set up in the Production Requirements Bureau and that NEWA members would represent the industry on this section. The NEWA thus was accorded full governmental recognition, and it played an important role in coordinating the electrical requirements of the war years. Commodity committees of the NEWA met continually with manufacturers' committees to discuss WPB and OPA rules and regulations. The joint committee made many helpful recommendations to the government, and the electrical industry went all out to cooperate in speeding up war production.

With their war activities a success, the association in the immediate postwar period also proved very successful in helping to coordinate the supply and demand functions of an expanding consumer market. The association set up an appliance division to handle the many problems created by appliance trade-ins of prewar models and the attendant big demand for new appliances. In fact, long-established appliance manufacturers increased their production schedules many times over, and the facilitating activities of the appliance division of the association greatly expedited the distribution of these products

to waiting consumers. Sales training programs with emphasis on public relations were initiated. Mass distribution systems were promoted and widely adopted throughout the electrical industry and the NEWA was particularly active in paving the way for their successful reception.

In 1948 the NEWA's name was changed to the present National Association of Electrical Distributors, the third name used by the same association. The change was made so that the association name would better exemplify the progress, development, and type of activity in which association members were engaged.

In the postwar years and in their recent activity, the NAED has followed closely the patterns exhibited by other trade and business associations as presented in Chapter III. Much attention has been given to educational and public relations services designed to provide industry leadership. Statistics emerged from the war as a key tool to help determine such things as efficiency, projected sales volumes, inventories, etc. The use of these tools has been expanded greatly since the war and the better part of the trade promotion activities of the pre World War II period have been revived and extended. At present, the National Association of Electrical Distributors is a progressive and dynamic trade association with a firmly established position in American business and economic life.

The above history of the National Association of Electrical Distributors is another example of the importance of the promotional and protection concepts of hypothesis I, and the emergent forces concept of hypothesis II. Since this association represents wholesalers, it offers, in the way it has functioned, some striking

contrasts to the two earlier histories. Throughout its history it has been beset with the problems of justifying the position of the wholesaler middleman; consequently a large amount of its protectional activity has been directed at solving this problem. Activities designed to promote efficiency among its member wholesalers were common in its early years, because a critical attack on wholesalers was that they offered nothing to the distribution process but needless expense. These efficiency efforts were particularly strong during the depression period when the member wholesaler was actually threatened with elimination. While emphasis on efficiency was a major tool used to protect the membership from these threats, promotional activities were often undertaken to expand the market and make the need for the wholesaler middleman more apparent. In line with hypothesis I, the NAED grew and flourished because it was able to meet the promotion and protection needs of its membership. Its history indicates that by 1938 the electrical wholesaling business had grown into a leading wholesale industry and the NEWA emerged as a strong and vibrant organization.

The emergent forces concept suggested in hypothesis II was also at work in the history of the NAED. Both political and economic forces challenged the survival and success of this association. Political forces generated by World War I demanded that the electrical wholesaler prove his worth to the economy. An expanding economy of the 1920's demanded more electric power at greater efficiency. Economic forces of the great depression threatened the elimination of all but the most efficient. World War II upset the balance between supply

and demand and made the task of the wholesaler extremely difficult. In order to survive as an association, the NAED had to adapt successfully to these forces. A headquarters shift from Chicago to New York was one means of getting closer to the problem center of a particular trade. The NIRA helped establish and increase the strength of its position with government in the face of challenge and change. This association survived two world wars and the great depression because it was able to meet the challenges of an emergent society, and continue to fulfill its membership-need-oriented mission.

Summary

These three case histories provide additional insights concerning the application of hypotheses I and II of Chapter I to particular trade and business associations. In addition, each case reflects a conformity to the historical pattern set forth earlier in this study. The fundamental relationships suggested in the two hypotheses were clearly present in each association studied. These associations succeeded to the extent that they were able to perceive and meet membership needs. These needs and the methods of meeting them were constantly changed by developments in both the particular industry and the society. The two world wars and the great depression of 1929 produced pronounced effects on each of these associations, and each in its own way was adjusted to the changes that these great crises presented. Particularly, the strengthened governmental ties brought about by the two world wars and the importance of trade associations in coordinating industry activities in

time of crisis emerge as vehicles used to adapt to changing societal forces. Governmental relationships tended to establish an official position in society for each association and better prepare it for change.

In recent years these associations have developed more sophisticated methods to attain their objectives. Statistical procedures, modern research techniques, and public relations activities are now key elements of association activity that are particularly useful in both perceiving and meeting membership needs. The progress of these associations in the above areas, and their increasing ability to work closely with government helps to account for the fact that each association enters the 1960's as a strong representative of a growing and vibrant industry.

CHAPTER VII

SUMMARY AND CONCLUSIONS

As stated in Chapter I, this study was undertaken to answer important questions about the increasing significance of trade and business associations. Fundamentally, the questions concern the forces of evolutionary growth, and the internal and external relationships of large-scale trade and business associations in American economic life. In order to answer them meaningful, two coordinate working hypotheses were tested:

> Hypothesis I:
>
> Trade and business associations come into being, grow and flourish to the extent that members perceive them as meeting needs, in particular, promotion and protection of mutual interest.
>
> Hypothesis II:
>
> Trade and business associations vis-a-vis society come into being, grow and flourish to the extent that their objectives are congruent with the psychological, sociological, and economic forces of the emergent American society.
>
> A Corollary of Hypothesis II:
>
> Survival of a given association depends upon its ability to adjust to the emergent forces in the surrounding society.

Three methods were used to test these hypotheses: the historical, the empirical, and the case method. Trade and business associations were categorized into activity types corresponding to the SIC so that comparisons among the associations could be drawn. Each of the three

methods yielded remarkably similar results with respect to the questions asked and the hypotheses tested.

Historically, it is clear that trade and business associations were an outgrowth of the old guild system. The guild system collapsed because it failed to fulfill a need-oriented mission in a changing society. In addition to the decline of the guild system caused by industrialization, two world wars and the depression of the 1930's had primary impacts on the character of trade and business associations. The corresponding alteration of individual and group needs that accompanied these events modified the type of organization required to satisfy them. Trade and business associations have originated, grown, and flourished to the extent that they have been able to fulfill this need-oriented mission inherited from the guild system and modified by more recent history. Thus, the historical perspective of these associations reveals that the suggested relationships contained in both hypotheses I and II have been at work in their development.

Empirically, trade and business associations have exhibited unique patterns of both internal and external relationships that are designed to sustain themselves in their own immediate environment and the business world.

The analysis in Chapter IV of internal activities and organizational relationships of trade and business associations helped to test hypothesis I, and the analysis in Chapter V of external societal relationships among these associations was important in testing hypothesis II and its corollary.

The basic findings about the internal relationships of trade and business associations are summarized as follows:

1) Trade and business associations, by and large, tend to locate their headquarters in the major cities of Washington, New York, and Chicago.

2) Trade and business associations find it necessary to affiliate to a greater or lesser extent in order to perform their protection and promotional functions effectively.

3) With the exception of agriculture, national business associations, and services, organizational type memberships tend to predominate among trade and business associations.

4) The extent of departmentalization tends to vary directly with number of organizational memberships among trade and business associations.

5) When agricultural and national business associations are excluded, managerial, professional, and white collar personnel dominate trade and business association memberships.

6) Blue collar workers are almost nonexistent in trade and business association memberships.

7) Staff sizes tend to be quite small (1-15) among large-scale trade and business associations; this is less true of manufacturing and of financial, insurance, and real estate associations.

8) Extent of departmentalization tends to vary directly with number of paid staff.

9) Over one-half of the associations in the sample report incomes between $76,000 and $500,000. Financial and manufacturing

associations report a number of incomes exceeding $1,000,000.

10) Overwhelmingly, trade and business associations are financed by private sources.

11) For the most part, these associations conduct internal educational activity.

These condensed conclusions drawn from the broader data in Chapter IV suggest that the large-scale national trade and business association is a membership-need-oriented institution paid for and supported by its members. It is financed and sustained by its membership to the extent that it fulfills specialized needs. Since many memberships are actually economic organizations or individuals representing corporate interests, these specialized needs usually involve promotion and protection of economic welfare. Corporate interests often focus on protection of competitive position within the industry or the economy. These types of interests are managerially oriented which explains why managerial professional memberships predominantly compose trade and business associations.

Successful promotion of specialized economic interests by associations requires certain internal characteristics. Association headquarters are likely to be located near the focal points of general economic or governmental activity, that is, New York, Washington, and Chicago. Affiliations occur as attempts are made to broaden bases of information, and to become a stronger force in promoting and protecting membership interests. In general, the trade and business association exists to serve its memberships; it is successful in the eyes of its membership to the extent that it perceives

needs and then satisfies these needs. All of the internal characteristics pointed out in this study are really directed toward that end.

External relationships between trade and business associations and the greater society were analyzed in Chapter V. Conclusions about external relationships are summarized as follows:

1) Trade and business associations maintain important societal relationships through activities in both the governmental and public spheres.

2) Over one-half of the associations in the sample have regular contacts with either federal, state, or local government officials.

3) Agricultural associations have the closest ties with the federal government.

4) While some associations have formal working agreements with federal government agencies, a more flexible informal cooperation with these agencies is more common.

5) A majority of trade and business associations take stands on public issues especially taxation and fiscal matters.

6) Nearly one-half of the associations studied conducted external educational programs in the greater society.

These condensed conclusions drawn from data in Chapter V serve to support hypothesis II and its corollary. Governmental and broader public relationships of these associations tie them to the greater society in which they exist. Since the greater society is an emergent one characterized by constant change in a direction of increasing

complexity, it follows that trade and business associations do not exist in a static environment. Given this fact, it was hypothesized that these associations must remain congruent with the dynamic forces in their environment if they are to survive and flourish. These associations achieve congruency and adjustment in a changing environment through governmental relationships, primarily, and broader public activity, secondarily. Contact with government officials is vital in maintaining sensitivity to change. Informal working agreements with government agencies provide a flexible arrangement helpful in attaining both adjustment and influence in society. Some associations, primarily agricultural, go further and establish written formal agreements with federal agencies. But regardless of the vehicle used, the end purpose is to stay congruent with societal change; which is more easily traceable through governmental interaction.

Most associations go beyond the governmental sphere and are active in the broader public sphere. Stands are often taken on public issues in reaction to threat of change, or because of a desire to cause favorable change. External educational activity is often conducted to influence and persuade modes of thought favorable to given associations. In fact, educational activity provides a continuing forum where favorable views can be presented and developed. Thus, the forces of change in the society brought about by two world wars, economic cycles, population growth, urbanization, etc., which are referred to in hypothesis II, have made the relationship between these associations and society fundamental to the success of given

associations. Activity in the governmental and public spheres is directed at staying congruent with emergent forces, and moving forward in society as a voluntary organization.

The case histories of Chapter VI contain examples that not only support the hypotheses of Chapter I, but also make generalizations about the data more meaningful. The historical pattern set forth in Chapter II was applicable to each association studied because World War I, the great depression, and World War II had tremendous historical influence on each association. Membership-need-oriented functions were very apparent from the time of each association's inception, and these functions remained constant throughout the particular association's history. In other words, these associations do exist to perform promotional and protective functions designed to serve their membership. These histories also reveal that activities in the governmental and public spheres were vital elements in adjusting to change. At some point in each association's history, emergent forces threatened the survival of the association, and it was primary activity in the governmental sphere and secondary activity in the public sphere that saved the association.

In line with the general conclusions drawn from the preceding analysis, certain predictions can be made about existing associations and their future success. Associations are successful to the extent that they perceive and satisfy the needs of their respective memberships. Any voluntary trade or business association will grow and flourish to the extent it fulfills needs; consequently existing associations must make every effort to perceive membership needs and

develop effective means of satisfying them. But this task is much more complex than it might first appear. Complexity is generated by the emergent society in which associations exist. An emergent society produces changes which permeate all individuals and institutions in the society; and, as a consequence, membership needs of a given association are constantly changing. This dynamic nature of membership needs is the heart of the association problem. Methods must continually be established by given associations to understand change, and its effects on society. For trade and business associations, these methods should provide primary access to the economic segment of the society. It is apparent from this analysis that both governmental and broader public activity is vital to an association's success. Associations finding themselves in a position of declining membership support would do well to re-examine their contracts with society, that is, government and public relations. The governmental relationship is particularly important, because modern trade and business associations were really saved by improved relations and recognition in the governmental sphere. Those associations that perceive new needs of members early, and meet these needs quickly and effectively are the associations that sustain themselves as voluntary institutions.

Specific types of associations also face unique problems. Protection of the competitive position of members of manufacturing associations is entirely different from protection of the competitive position of members of agricultural associations. Manufacturing must

remain aware of new products, new industries, and general market conditions, which are always in a state of flux. Farmers face a problem of over supply made increasingly severe through technological change. Since their problem is often one of legislative control, they need effective influence in governmental circles. Manufacturers need governmental ties too, but the importance of these ties is counterbalanced by the need to disseminate knowledge about particular competitors or general market conditions. The general point from this limited example is that the functions are the same for each type of association, but the means of accomplishing these functional ends vary by type of association. Since specific differences do show up among the seven activity types, a need for further research is indicated. This study has clarified two major elements of the association problem: first, the nature of the broader functions of trade and business associations; and second, the general conditions that must be met to perform successfully these functions. Since this study has been limited to a broader survey of differences among the seven activity types of trade and business associations, further research is needed into each activity type to determine how individual associations operate in the broader society to adapt to change and to satisfy unique membership needs.

It is now clear that trade and business associations are important vehicles used by economic organizations in dealing with forces that present obstacles to the achievement of their respective goals. Dynamic forces in a free enterprise environment may greatly affect

corporate growth and profits which are vital to the success of particular organizations. For example, business cycles, changes in the nature of competition, or new laws regulating interstate commerce can alter a given corporation's path to success. New needs are continually created within the corporation to understand and deal with these environmental changes. A major role of trade and business associations is to perceive and fulfill the needs of either individual or corporate members who have economic interests in the society. Particularly, this need fulfillment involves protection and promotion of mutual interest. Protection and promotional activity, strengthened through formal association, explains the purpose of modern trade and business associations. Thus, the relationships set forth in the two hypotheses of this study focus on the heart of these associations. They exist to fulfill membership needs in an emergent society, and, as part of that society, they also must remain congruent with complex environmental forces.

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APPENDIX A

PRE-TEST QUESTIONNAIRE

Study of American Associations

Michigan State University

Strictly Confidential

A SOME GENERAL FACTS ABOUT THE ASSOCIATION

1. _____
Official name of the association

2. Does the association have a written charter or constitution that defines its purposes? ☐ Yes ☐ No

3. Please describe briefly the official purposes of the association. _____

NOTE: Please attach or send under separate cover any brief printed matter which may indicate the purposes of the association.

B THE GOVERNING BODY AND OFFICIALS OF THE ASSOCIATION

1. How many persons compose the governing body of the association? _____ | How many of them are full members with voting rights? _____

2a How are the full (voting) members of the governing body selected?

- ☐ Directly elected by the general membership of the association
- ☐ Elected by the incumbent members of the governing body
- ☐ Elected by representatives of the general membership
- ☐ Other (explain)_____

b How long is their term of office?

- ☐ One year
- ☐ Two years
- ☐ More than two years (specify)____
- ☐ No time limit on term of office

3 Is there a prescribed limit to the number of terms a member may serve on the governing body?

- ☐ Yes
- ☐ No

4 How frequently does the governing body hold regular meetings?

- ☐ Once a year
- ☐ Other (specify)_____

5 Do the members of the governing body receive any remuneration?

- ☐ None
- ☐ Salary
- ☐ Travel expenses
- ☐ Other (specify)_____

6 How is the president (or highest officer) of the association selected?

- ☐ Directly elected by the general membership
- ☐ Elected by the governing body
- ☐ Elected by representatives of the general membership
- ☐ Appointed (explain by whom)_____

7 Do the responsibilities of the association's principal officers require them to be in more or less regular contact with Federal, State, or Local government officials?

Federal	State	Local
☐ Yes	☐ Yes	☐ Yes
☐ No	☐ No	☐ No

C ORGANIZATION STRUCTURE AND EMPLOYEES

1 Does the association have an organization chart of its internal structure?

- ☐ Yes
- ☐ No

2 Has the association ever merged with, absorbed, or branched off from another association?

- ☐ No
- ☐ Yes, merged
- ☐ Yes, absorbed
- ☐ Yes, branched off

3 According to your latest records, how many paid employees work for the association (including those paid by all regional, state, and local units)?

- Exact number ☐
- Estimated number ☐

4 Does the job of the highest paid official require his [her] services on a full-time or part-time basis throughout the year?

- ☐ Full-time
- ☐ Part-time

5 How many paid employees work at the association's headquarters?

- Full-time ☐
- Part-time ☐

6 Does the association regularly utilize volunteer workers?

- ☐ Yes
- ☐ No

⇨ Number of volunteer workers in 1960 ☐

7 Is the national headquarters composed of distinct administrative departments?

- ☐ Yes
- ☐ No

⇨ If YES, how many distinct departments are there ? ☐

8 Does the association have a research department?

- ☐ Yes
- ☐ No

9 Is there a manual of procedures to guide the employees' work?

- ☐ Yes
- ☐ No

10 Is there a written set of rules prescribing the conditions under which an employee may be dismissed or otherwise released from employment?

- ☐ Yes
- ☐ No

11 Are there written job descriptions specifying employee responsibilities and duties?

- ☐ Yes, for most positions
- ☐ Yes, for some positions
- ☐ No, not for any positions

12 Are the salaries or wages of the national association's employees fixed according to a formally (written) graded schedule?

- ☐ Yes
- ☐ No

⇨ If YES, how many grades are there?

- ☐ 3 grades or less
- ☐ 4-6 grades
- ☐ 7-10 grades
- ☐ more than 10 (how many?) ☐

13 Does the association have an employee retirement plan?

- ☐ Yes
- ☐ No

D REGIONAL, STATE, AND LOCAL STRUCTURE OF THE ASSOCIATION

1 Does the association have regional units (i.e., units covering more than one state)?

- ☐ Yes
- ☐ No

⇨ If YES, how many such units are there? ☐

2a Does the association have state units?

- ☐ Yes
- ☐ No

⇨ If YES, how many state units are there? ☐

If NO state unit, go on to Question 6 ⇩

b How frequently are meetings of the general membership held at the state level?

- ☐ Once a year
- ☐ Other (specify) _____

3 How many full-time employees work at the state headquarters of the association?

4 Who pays the employed officials of the state units?

- ☐ State unit
- ☐ Regional unit
- ☐ National association
- ☐ Other _____

5 Are the paid officials of the state units subject to the direct administrative authority of the national association?

- ☐ Yes
- ☐ No

6 Does the association have organized local units of any kind? (For example, does it have local chapters, societies, or groups organized on a municipal, county, or other basis?)

- ☐ Yes
- ☐ No

⇨ If YES, how many local units are there? ☐

If NO local units, go on to Question 11 ⇩

6b How often does the general membership of these local units regularly meet?

- ☐ Once a week
- ☐ Once a month
- ☐ Other (specify)_____

7 How many full-time workers are employed at all the local units of the association? ☐

8 Who pays the employees at the local units?

- ☐ National association
- ☐ Regional unit
- ☐ State unit
- ☐ Local unit
- ☐ Other (specify)_____

9 Are the paid officials in the local units subject to the direct administrative authority of the national association?

- ☐ Yes
- ☐ No

10 Is there a prescribed maximum membership size for local units?

- ☐ Yes ⇨ If YES, please specify maximum ☐
- ☐ No

11 Where is the main activity of the association carried out?

- ☐ National level
- ☐ Regional level
- ☐ State level
- ☐ Local level

E ORGANIZATIONAL FINANCES

1 What was the association's gross income for 1960 $ ☐

2 How much of the association's income for 1960 was allocated to research? $ ☐

3a How is the association financed? (What are the sources of its funds?)

- ☐ Membership initiation fees
- ☐ Membership dues
- ☐ Assessments of the membership
- ☐ Public fund-raising campaigns
- ☐ United Fund or Community Chest
- ☐ Gifts or grants from business or industry
- ☐ Grants from government agencies
- ☐ Grants from foundations
- ☐ Proceeds from sales or services
- ☐ Returns from investments or endowments
- ☐ Other (please specify)_____

b NEXT ⇨ Please circle the item[s] from which the association receives 25% or more of its income.

4 Does the association own any buildings or land?

☐ Yes ☐ No

If YES, please indicate the approximate value of holdings below:

☐ Less than $25,000
☐ Between $25,000 and $100,000
☐ Between $100,000 and $500,000
☐ Between $500,000 and $1,000,000
☐ Between $1 million and $5 million
☐ More than $5 million

5 Approximately how many typewriters does the national association own?

☐ None ☐ 1-10 ☐ 11-20 ☐ 21-50 ☐ 51-100 ☐ 101-200 ☐ More than 200

F INTERNAL AND EXTERNAL COMMUNICATIONS FUNCTIONS OF THE ASSOCIATION

1 During the past two years, has the association taken an official stand on any public issues? •

☐ Yes ☐ No

If YES, please indicate very briefly the name or nature of the three most important issues.

_____

_____

_____

_____

2 In what ways did the association make its position on these issues known?

(Please check all items which apply)

☐ Advertising in newspapers or magazines
☐ Advertising on radio or television
☐ Contacting Federal legislators
☐ Contacting State legislators
☐ Contacting Federal officials
☐ Contacting State officials
☐ Public addresses
☐ Public debates
☐ Public rallies, marches, etc.
☐ Formal resolutions
☐ Other (please specify)_____

_____

3 Is it the policy of the association to refrain from taking an official stand on political or controversial public issues?

☐ Yes ☐ No

4 How is the membership informed about the association and its activities?

☐ Newsletter
☐ Bulletins
☐ Journal
☐ Form letters
☐ Other (please specify)

_____

Does the association actively carry on educational programs for its members?

☐ Yes ⇨ If YES, what forms do these programs take?
☐ No

☐ Organized classes
☐ Seminars
☐ Workshops
☐ Conferences
☐ Lectures, talks, etc.
☐ Others (please specify) _____

MEMBERSHIP TYPES, SIZE, AND COMPOSITION

NOTE Associations utilize a wide variety of classifications and methods for counting their members. For this reason, a single figure for total membership, while important, frequently fails to give an accurate picture of the complexities of an association's size and composition. It will thus be very helpful if answers to the following more detailed questions about your membership can be provided.

Please list the classes or types of memberships in the association, and list the number in each type.

Classes or Types of Memberships	Number
1) _____	_____
2) _____	_____
3) _____	_____
4) _____	_____
5) _____	_____

Please describe briefly the qualifications which prospective members must have in order to join the association. _____

How many individuals and how many organizations were members of the association in these years?

	Individual members	Member Organizations
1960	_____	_____
1955	_____	_____
1950	_____	_____
1945	_____	_____
1940	_____	_____
1930	_____	_____
1920	_____	_____
1910	_____	_____
1900	_____	_____

4 How frequently does the association hold a national convention?

☐ Annually
☐ Other (please specify) _____

5 How many members of the association registered at its last national convention?

6 May the association impose fines on its members for due cause? ☐ Yes ☐ No

7 May a member be expelled for due cause? ☐ Yes ☐ No

8a Is your membership composed of persons from any of the following occupational groups? Check all that are applicable, and include, if possible, an estimate of the number of members from each group.

✔	Number	Occupational group
☐	_____	Blue collar worker
☐	_____	Clerical worker
☐	_____	Retail salesman or clerk
☐	_____	Other salesman
☐	_____	Supervisor
☐	_____	Minor executive
☐	_____	Major executive
☐	_____	Small business executive (sales under $50,000)
☐	_____	Large business executive (sales over $50,000)

✔	Number	Occupational group
☐	_____	Engineer
☐	_____	Doctor
☐	_____	Scientist
☐	_____	Minister
☐	_____	Professor
☐	_____	Public school teacher
☐	_____	Government official (federal, state, local)
☐	_____	Other (specify)____

b Is your membership widely dispersed among these occupational groups? ☐ Yes ☐ No

9 Are all members of the national association also members of its local units? ☐ Yes ☐ No ⇨ If NO, please explain _____

NOTE It would be very helpful if the information you have provided in this questionnaire could be supplemented by copies of the following. (Please check the material you are sending to us in the appropriate boxes.)

- ☐ Constitution or charter
- ☐ Organization chart
- ☐ Literature describing activities
- ☐ Literature describing association's history
- ☐ Literature describing membership

APPENDIX B

FINAL QUESTIONNAIRE

Study of American Associations

Michigan State University

CODE USE

A PRESENT AND PAST LOCATIONS OF HEADQUARTERS

1 Name of Association _____

2 Headquarters location _____ 5
City State

3 Year headquarters was established in above city: [ ] 6

4 Previous location of headquarters _____ 7
City State

5 Original location of headquarters when association was founded: _____ 8
City State

B THE GOVERNING BODY OF THE ASSOCIATION

1 How many persons compose the governing body of the association? [ ] 9

2 How are the full (voting) members of the governing body selected? 10
- ☐ Directly elected by the general membership
- ☐ Elected by incumbent members of the governing body
- ☐ Elected by representatives of the general membership
- ☐ Other (explain) _____

3 How long is their term of office? 11
- ☐ One year
- ☐ Two years
- ☐ More than two years (specify) _____
- ☐ No time limit on term of office

4 Is there a limit to the number of terms a member may serve on the governing body? 12
- ☐ Yes
- ☐ No

5 How frequently does the governing body hold regular meetings? 13
- ☐ Once a year
- ☐ Other (specify) _____

6 Do the members of the governing body receive any remuneration? 14
- ☐ None
- ☐ Salary
- ☐ Travel expenses
- ☐ Other (specify) _____

7 How is the president (i.e., highest officer) of the association selected? 15
- ☐ Directly elected by the general membership
- ☐ Elected by the governing body
- ☐ Elected by representatives of the general membership
- ☐ Appointed by: _____

8 Do the responsibilities of the association's principal (voluntary or paid) officers require them to be in regular contact with federal, state, or local government officials?

	A. Federal	B. State	C. Local	
	☐ Yes	☐ Yes	☐ Yes	 16
	☐ No	☐ No	☐ No	 17
				 18

CODE USE

C EMPLOYEES, RULES, AND STRUCTURE

1 How many full-time, paid employees work at the association's headquarters? (Include paid staff of all ranks and grades.) ☐ 19

2 Are there any other full-time employees, paid by the national association, who do not work at its headquarters?
☐ Yes ☐ No ----------.....20

2a ⇨ If YES, please enter the number of additional full-time employees paid by the national association here: ☐

3 Does the job of the highest paid official require his (her) services on a full-time or part-time basis throughout the year? ☐ Full-time ☐ Part-time .....21) 22

4 Does the association have an employee retirement plan? ☐ Yes ☐ No 23

5 Is the national headquarters composed of distinct administrative departments?
☐ Yes ☐ No ----------.....24

5a ⇨ If YES, how many distinct departments are there? ☐

6 Is there a manual of procedures to guide the employees' work? ☐ Yes ☐ No 25

7 Is there a written set of rules prescribing the conditions under which an employee may be dismissed or otherwise released from employment? ☐ Yes ☐ No 26

8 Are there written job descriptions specifying employee responsibilities and duties? ☐ Yes, for most positions ☐ Yes, for some positions ☐ No, not for any positions 27

9 Are the salaries or wages of the national association's employees set according to a formally (written) graded schedule?
☐ Yes ☐ No ----------.....28

9a ⇨ If YES, enter the number of grades here ☐

10 Does the association have a written policy stating the conditions under which employees may be promoted? ☐ Yes ☐ No 29

11 Does the association have an organization chart depicting its administrative structure? ☐ Yes ☐ No .....30 .....31)

D REGIONAL AND STATE ORGANIZATION OF THE ASSOCIATION .....32)

1 Does the association have regional units (units covering more than one state)?
☐ Yes ☐ No ----------.....33

1a ⇨ If YES, how many regional units are there? ☐

CODE USE

2 Does the association have state units?

☐ Yes ☐ No 34

If NO state units, go on to Section E ⇩

2a If YES, how many state units are there? ☐

2b What is the total number of paid staff employed at the several state units, combined? ☐

☐ No paid staff is employed at the state units 35

☐ The national association does not keep records of the number of employees in the state units

2c Who pays the employed officials of the state units? ☐ State units ☐ National association ☐ Other: _____ ..... 36 ☐ The national association does not keep records on officials in state units

2d Are the paid officials of state units subject to the direct administrative authority of the national association? ☐ Yes ☐ No 37

E LOCAL UNITS OF THE ASSOCIATION

1 Does the association have organized local units of any kind? (For example, does it have local chapters, societies, or groups organized on a county or city basis?)

☐ Yes ☐ No 38

If NO local units, go on to Section F ⇩

1a If YES, how many local units are there in the United States? ☐

2 Does the association maintain records that indicate the number of local units in each state? ☐ Yes ☐ No

2a If YES, please attach a list showing the number of local units in each state for the year 1961, or send under separate cover.

3 How often do the local units usually meet? ☐ Once a week ☐ Twice a month ☐ Once a month ☐ Other: _____ 39

4 What is the combined total number of paid staff employed at the various local units? ☐

☐ No paid staff employed at local units 40

☐ National association does not keep records on number of paid staff in local units

5 Who pays the paid staff of the local units? ☐ National association ☐ Local unit ☐ State unit ☐ Other: _____ ☐ National association does not keep records on who pays the paid staff in local units 41

6 Are the paid officials in the local units subject to the direct administrative authority of the national association? ☐ Yes ☐ No ☐ No paid officials in local units 42

CODE USE

F ORGANIZATIONAL FINANCES

1 What was the association's gross income for 1961? 43

2 How is the association financed? (Please check off all items from which the association receives income.) 44

- ☐ Membership dues
- ☐ Membership initiation fees
- ☐ Membership assessments
- ☐ Public fund-raising
- ☐ United Fund/Community Chest
- ☐ Gifts from business firms
- ☐ Grants from government
- ☐ Grants/gifts from foundations
- ☐ Proceeds from sales/services
- ☐ Returns from investments or endowments
- ☐ Other: _____

3 Please CIRCLE the item[s] above from which the association receives 25% or more of its income. 45

4 Does the association compile and publish an annual financial statement?

☐ Yes ☐ No

4a ⇨ If YES, and if it may be released to us, please attach or send under separate cover the association's financial statement for 1961.

5 Does the association own any buildings or land?

☐ Yes ☐ No 46

5a ⇨ If YES, please indicate the approximate value of these holdings here:

- ☐ $25,000 or less
- ☐ $25,001 to $100,000
- ☐ $100,001 to $500,000
- ☐ $500,001 to $1 million
- ☐ $1,000,001 to $5 million
- ☐ More than $5 million

6 Approximately how many typewriters does the national association own? 47

- ☐ None
- ☐ 1- 5
- ☐ 6-10
- ☐ 11-20
- ☐ 21-50
- ☐ 51-100
- ☐ 101-150
- ☐ 151-200
- ☐ 201-300
- ☐ More than 300 (specify) _____

G INTERNAL AND EXTERNAL COMMUNICATIONS

1 How is the membership informed about the association and its activities? 48

- ☐ Official journal
- ☐ Bulletin
- ☐ Newsletter
- ☐ Other: _____

2 Does the association actively carry on educational programs for its members?

☐ Yes ☐ No 49

2a ⇨ If YES, what forms do these programs take?

- ☐ Conferences
- ☐ Workshops
- ☐ Classes
- ☐ Seminars
- ☐ Demonstrations
- ☐ Talks, lectures
- ☐ Other: _____
- ☐ Other: _____

3 What was the (approximate) total number of members who were reached by these several types of educational programs in 1961? 50

CODE USE

4 Does the association actively carry on educational programs directed at the general public?
☐ Yes ☐ No 51

4a ⇨ If YES, what forms do these programs take?
☐ Conferences ☐ Workshops ☐ Classes ☐ Seminars ☐ Demonstrations
☐ Talks, lectures
☐ Other: _____
☐ Other: _____

5 What was the (approximate) total number of persons reached by these several types of educational programs in 1961? ☐ 52

6 During the past three years, has the association taken an official stand on any public issues?
☐ Yes ☐ No 53

6a If YES, please indicate the name or nature of the three most important issues below:
(1) _____
(2) _____ 54
(3) _____

6b In what ways did the association make its position on these issues known? (Please check all items below which apply.)
☐ Formal resolutions of the governing body
☐ Formal resolutions of the general membership
☐ Advertising in newspapers or magazines
☐ Advertising on radio or TV
☐ Contacting Federal legislators
☐ Contacting Federal officials
☐ Contacting State legislators
☐ Contacting State officials
☐ Contacting business firms
☐ Contacting officials of other associations
☐ Organizing or participating in public assemblies, rallies, etc.
☐ Publishing pamphlets, booklets, etc.
☐ Other: _____
..... 55
..... 56

7 Is it the policy of the association to refrain from taking an official stand on political or controversial public issues?
☐ Yes ☐ No 57

H RELATIONSHIPS WITH OTHER ASSOCIATIONS AND FEDERAL AGENCIES

1 Is your association itself a member of, or affiliated in any way with, any other associations?
☐ Yes ☐ No 58

1a ⇨ If YES, please list names of other associations below. (NOTE: If space is insufficient for complete listing, please attach separate sheet.)

_____ _____
_____ _____
_____ _____

1b Please CIRCLE the associations listed above on whose governing bodies your association has an official representative.

CODE USE

2 Do any associations have official representatives on the governing body of your association?
☐ Yes ☐ No 59

2a ⇨ If YES, please list the names of associations here. NOTE: If space is insufficient for complete list, please attach separate sheet. _____

3 Does your association have any type of formal (written) working agreement with any associations other than those you have listed above?
☐ Yes ☐ No 60

3a ⇨ If YES, please list the names of these associations here. (As before, if space is not sufficient for complete list, please attach separate sheet.) _____

4 Does your association have a formal (written) working agreement with any agencies of the federal government? ☐ Yes ☐ No 61

4a Does your association carry on any cooperative activities with any federal agencies? ☐ Yes ☐ No 62

4b If YES to either Question 4 or 4a, please list the names of those federal agencies here: _____

5 Has your association ever merged with, absorbed, or branched off from another association?
☐ Yes, merged ☐ No 63
☐ Yes, absorbed
☐ Yes, branched off

5a If YES, please list here the names of the associations with which yours merged, branched off from, or absorbed -- and give the year it occurred.

Name of Association	Year

I THE MEMBERSHIP OF THE ASSOCIATION

1 How many individuals were members of your association in 1961? 64

2 How many organizations (e.g., business firms, schools, colleges, other associations, etc.) were members of your association in 1961? 65

3 Are the individuals in these member organizations counted as members of your association and included in the figure you entered in Question 2? ☐ Yes ☐ No 66

CODE USE

4 Does the association maintain records indicating the number of members in each state in the U. S.? ☐ Yes ☐ No

4a If YES, please attach a list showing the number of members in each state for the year 1961, or send under separate cover.

5 Are all members of the national association also members of its local units? ☐ Yes ☐ No ☐ Association does not have local units 67

6 Are all members of the national association also members of its state units? ☐ Yes ☐ No ☐ Association does not have state units 68

7 In what year was the association founded? ☐ 69

8 How many individual members and how many member organizations did the association have in the years listed below?

	Individual Members	Member Organizations		Individual Members	Member Organizations
1955			1930		
1950			1920		
1945			1910		
1940			1900		

9 Does the association regularly utilize volunteer workers? ☐ Yes ☐ No

9a ⇨ If YES, please indicate the number of volunteers utilized in 1961: 70

10 May the association impose fines on its members for any cause? ☐ Yes ☐ No 71

11 May a member be dropped or expelled from the association for any cause (other than non-payment of dues or fees)? ☐ Yes ☐ No 72

12 Please describe completely the qualifications prospective members must have in order to belong to the association: _____

12a Please attach, or send under separate cover, any printed matter which might supplement the above description of qualifications for membership.

J PURPOSES OF THE ASSOCIATION

1 Please describe the purposes of the association here: _____

1a Please attach, or send under separate cover, any printed matter which might supplement the above description of the official purposes of the association.

K OCCUPATIONAL COMPOSITION OF THE ASSOCIATION'S MEMBERSHIP

CODE USE

1 Please check those occupational categories, below, from which your membership is drawn.

BUSINESS AND INDUSTRY, ETC.

- ☐ Owners & managers of small businesses
- ☐ Owners & managers of large businesses
- ☐ White collar (office workers, retail clerks, salesmen, etc.)
- ☐ Blue-collar workers
- ☐ Professionals

FARMING

- ☐ Small farmers
- ☐ Large farmers & farm managers

GOVERNMENT

- ☐ Managerial and supervisory
- ☐ White-collar workers
- ☐ Professionals 73
- ☐ Military officers
- ☐ Enlisted personnel 74

OTHER

- ☐ Students
- ☐ Housewives
- ☐ Retired persons

2 Please CIRCLE each category above from which 25% or more of your members are drawn. 75 76

3 Which of the following age groups are included in your membership?

- ☐ Adults
- ☐ Adolescents 77
- ☐ Children

4 Is your membership composed of males, females, or both sexes?

- ☐ Males
- ☐ Females 78
- ☐ Both sexes

NOTE: At several points in this questionnaire we asked for detailed information about your association. In some cases we did not provide space for the information to be filled in, but requested that you attach it as a separate sheet or forward it to us under separate cover. We wish to remind you here of the items of information which were requested above. Please place a check mark by each item you are sending.

- ☐ 1961 financial statement
- ☐ Historical description of the association
- ☐ Number of members in each state
- ☐ Number of local units in each state
- ☐ Copy of constitution or charter

Please return to:

American Associations Study

114 Morrill Hall

Michigan State University

East Lansing, Michigan