

THE BENEFITS OF BELONGING: WHAT MEMBERS VALUE IN THEIR ASSOCIATIONS

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The apparent decline in membership in voluntary associations has attracted attention in a number of countries. It is of concern to leaders of these associations. This paper reports some results from a collaborative project involving mutual associations drawn from five different industries. Part of the project involved identifying the benefits of membership. Literature, interviews and focus groups identified 15 different reasons for belonging to a mutual association or perceived benefits of membership. These were found to fall along four dimensions: material, self-enhancement and two that stressed relational benefits but benefits achieved either by interactions exclusively within the club (relational mutual) or through working with club members or through the club to help others or the wider community (relational altruism). Findings from a survey of members demonstrated the validity of these measures, but also the complex pattern of any individual's reasons for joining and choosing to remain a member. Through answers to questions about levels of use of the club's services or facilities and engagement in activities designed to sustain or to govern the club we were able to develop a typology of membership types (customer, loyal customer, active member and owner). Once again we found interesting variations between membership types and different mutuals but also between member types and motives. However, though the numbers varied greatly by field, in general, active members and owners were more committed to the relational motives. For those who wish to maintain or even rebuild mutuals in the face of competition, the implications of these results are important.

Introduction

Research into the nonprofit sector presents a somewhat split picture. On the one hand there are claims that the sector is growing, seemingly inexorably, in all (or almost all) nations (eg Salamon 1999). But then there is research that claims to find that many well-known types of voluntary associations are declining in number, and in the number of their members (eg Putnam 2000, Skocpol 2003). It is possible that both claims are correct. Membership organisations, based around many local organisations federated into state and national structures may be declining while numbers of and employment in charities and national organisations that rely not on members but on foundation or a few wealthy supporters may be growing. However, claims of a decline in membership organisations and the proportion of the population who are members of associations are worrying because of their implications.

There is a thread of research in political science that has demonstrated the importance of membership in voluntary associations to political participation, particularly by members of low SES groups (Verba et al 1995). Such participation underpins a strong democratic polity. Subsequently other political scientists and sociologists have demonstrated the importance of voluntary associations to the reproduction of social capital. Subsequent work in both fields made it clear that different associations have different abilities to provide these efficacious effects (Warren 2001). However, in all cases, it is organisations formed by groups of people and run by them, either for themselves or for others, which are best placed to generate such effects. The most common form of such an organisation is the member benefit organisation or mutual.

Mutuals are organisations formed by a group of people to provide some good or service for themselves, and are controlled by them in a democratic manner. For the most part, their constitutions prevent them from distributing a financial surplus to their members; mostly, those members gain the benefits of membership by using the services of the organisation. Mutuals can be found in sport and recreation, in education, in health care, in the arts, in financial and insurance services, in food retailing, and in interest representation and advocacy. They should be distinguished from member-run or member controlled public benefit organisations, formed and sustained by one group of people to provide services for or to advocate for some other group or cause. Many of these are charities, but most charities have only a token number of members (to meet requirements of incorporation), or no members at all.

As well as for their democratic effects, mutual or member benefit organisations have been studied in order to try and understand why people form them or join them. This research has tended to focus on particular sets of mutuals, such as interest organisations or insurance companies or elite social clubs. For some of the research, the starting point has been the apparent irrationality of joining an interest or advocacy organisation when any material benefits flowing from successful advocacy will flow to the non-joiner as well. Joiners, it is argued, are rational, because they also value nonmaterial or relational benefits that flow from membership (Jordan and Maloney 1996). The importance of non-material benefits, in this case social status, is used to explain the formation of elite clubs (Hansmann 1996). The greater trustworthiness of mutual insurance companies is important to people seeking to enter a long term contract such as for life insurance (Hansmann 1996).

Much of the survey research that has been undertaken for peak bodies representing mutuals in particular fields, such as credit unions, has been conducted by market researchers and the member is treated as a customer or consumer. This research generally identifies members as loyal (as opposed to ordinary) customers. This research finds that very few members are interested in exercising their rights as members to participate in the governance of the mutual. The mutual is no more than a special kind of retailer. Of course, the assumptions implicit in the methodology of marketing create a bias toward this finding. Complicating matters further, some companies have adopted many of the trappings, including the language, of mutuals (eg “membership” of airline or wine or fitness “clubs”), but without the substance.

Other research into behaviours that overlap with membership (or joining and belonging), such as volunteering is useful, especially for its recognition of the variety of motives or reasons people have for volunteering and that a person’s reasons for continuing to volunteer may well be different to their reasons for beginning (eg, Clary et al 1992). Joining is not volunteering, but they are similar behaviours and someone who undertakes tasks designed to sustain their mutual is, in effect, volunteering.

Mutuals were once more common than they are now. In many fields and many countries, mutuals have lost membership and in many cases been converted to investor owned firms. In Australia, evidence of their decline is manifest. Trade unions now enrol less than one in five employees; thirty years ago it was three out of five. Service clubs such as Rotary and Lions have dramatically dropped membership; so too have political parties. Most financial mutuals have converted to or been taken over by investor owned firms. Many social and recreation clubs, known in Australia as registered clubs, have collapsed, or more commonly, merged their members into larger clubs. In many sports, local clubs can no longer recruit enough members to their management committees to function. School parent associations find it harder to recruit members and are forced to employ staff to provide services (canteen, uniform shop) once offered by parents in voluntary rosters. In other fields, such as business and professional associations, while the numbers of such organisations continued to grow, reflecting the growing complexity of the economy, many have complained that it is not possible to recruit members to the various committees that such bodies needed to operate successfully.

If the weight of scholarship about the beneficial effects of mutuals is correct, such a decline should concern everyone. Yet, it barely receives public notice, let alone attention. But it is a matter of concern to many leaders of mutuals, leaders of what is numerically, still by far the largest part of Australia’s nonprofit sector.

This project

This awareness led a group of mutuals to agree to cooperate with a small team from the University of Technology, Sydney to try to better understand the relation between mutuals and their members. Five partners were selected to reflect the huge variety of services provided by mutuals. Four of the five partners in the project consisted of national or state level peak or umbrella bodies that represented the interests of: friendly societies that operated pharmacies (used by 5% of the population); social or registered clubs; sport; and a relatively new, but widespread environment organisation known as Landcare. The fifth partner was Australia’s largest automobile association (the NRMA).

Our partners demonstrated a wide range of the types of services that have been provided by mutuals, for up to 150 years in the case of sports. They also demonstrate the different logics of association that are encompassed by the mutual form, and the different forms of competition that most mutuals face.

Friendly society pharmacies were a residue of friendly societies that once provided illness insurance and primary health services to almost half the Australian population, until abolished by government legislation in the early 1950s. In several states they faced significant barriers from policies favouring privately owned pharmacies. Members joined a friendly society that operated one or more pharmacies and they paid a reduced price for their pharmaceuticals. In a few cases pharmacies offered other services such as a self-help mothers club for new mothers, but the basic reason for joining was lower prices. They face constant competition from privately owned pharmacies.

Registered clubs formed in the 1950s to offer families a comfortable place for a drink and a meal. Often they formed out of other mutuals, such as sporting clubs or returned soldiers associations. They won the right to install gambling machines that provided a stream of revenue. Some grew into very large well-equipped leisure centres. Most support various sub-clubs formed by members to pursue various hobbies (eg fishing). They also support various other community clubs, mainly sporting, but also social services. They are an important source of cheap meals for people on low incomes. Their attraction is as a local leisure centre providing opportunities for socialising and a wide variety of activities. They face competition from hotels or pubs, now also permitted to install gambling machines, and also from a huge variety of cafes and restaurants. In seeking to provide for people's leisure time, they also face competition from home entertainment systems.

All sports entail competition, which in turn needs some form of organisation. The organisation and control of sports by mutual organisation emerged in the mid-nineteenth century as a victory for the amateur sports movement over commercial sports and their close association with gambling and alcohol. Reformers believed that the character forming potential of sport could not be realised unless sport was controlled by mutuals. This has been challenged over the past thirty years with the huge inflow of sponsorship and television rights money into a few elite sports, and the US/UK model of investor owned sport franchises. But people join a sport club in order to play a sport competitively, often to gain access to a specialised facility (a court or a track) and in some cases to obtain coaching. Local sports clubs are facing competition from privately owned gyms and fitness clubs that for a few dollars more offer their customers (called "members") opportunities to play their sport without the extra demands of helping to run a mutual.

The NRMA was formed in the 1920s to lobby for better roads and to provide roadside assistance for people who had breakdowns, flat tyres etc. It subsequently provided motor vehicle and then general insurance and a travel service. After several fiercely fought contests within the board that also captured the involvement of a few members, the insurance business was demutualised in the late 1990s. Although the NRMA still does some lobbying for better roads, or transport more generally, people join it primarily to gain access to the roadside assistance. With higher-level motor vehicle

reliability, membership of the NRMA is primarily a form of insurance. It is insurance that increasing numbers of younger Australians are viewing as unnecessary. As well, the NRMA recently faced competition from a privately owned road side-assistance service.

Landcare began in the late 1980s as collaborative ventures by groups of farmers sharing a common catchment. If they were to improve the productivity of their land by adopting a number of conservation methods for weed control, salinity control and soil stabilisation they needed to work collaboratively. With the encouragement of the National Farmers' Federation and the Australian Conservation Foundation, state and federal governments encouraged the spread of Landcare groups throughout the country. This included urban areas, where groups of local residents were encouraged to adopt, clean up and protect remnants of local bushland to be found throughout all Australia's cities. Landcare is thus a successful and practical environmental initiative, but one that encompasses groups formed for collective action to improve the value of their land and income (a self-interested goal though one with positive public externalities), and others motivated more from a public serving desire to protect the bushland. It has no competition, but arguably suffers from too much government involvement.

The project involved collecting data of movements in membership numbers across all of the mutuals represented by our partners, and of attempts to address or prevent membership decline. But the main focus of the project involved a few local or grass-roots clubs or associations. Data was collected on how their leadership thought about their members, and what strategies if any were being used to grow or prevent a decline in members at the club level. We worked with a total of 16 local mutuals from the friendly societies, clubs, sports and Landcare. The NRMA was a single organisation without a local branch structure. These local mutuals were independent bodies, separately incorporated, but in turn members of those national or state level federations with which we were working. An important part of the project at this level was to organise focus groups of members of all local clubs (three separate focus groups in the case of NRMA members), to discover how they thought about and talked about their membership and the sort of things they valued in their membership. Using data from these focus groups and drawing on other related research, such as into volunteering, we constructed a survey that we administered by mail to randomly selected members of all of our participating clubs. In all we distributed 5752 surveys and received 1122 valid returns representing a 20% return rate. The paper that follows draws on an initial analysis of these returns.

Findings

We report below some of the results of the survey. After briefly outlining the demographics of our respondents and how they came to join their mutual, we demonstrate the variety of motives that they had for joining their mutual and for remaining a member. These are grouped into four dimensions. When we average the responses for each group of mutuals, we find that members of each group have different patterns of reasons for joining and belonging. We then outline a membership typology, built around the extent and types of a member's connections with their mutual. We show that these different membership types are correlated with different patterns of reasons for remaining a member.

Demographics

Slightly more of our sample were men; the average age of men and women was 55 years, with a standard deviation of almost twenty. Our youngest respondent was only 10 while our oldest was 96. Well over 80% were born in Australia; and of those born overseas, only 5.5% were born in a non-English speaking country. This compares with 13.3% for the population as a whole (refer to Table 1 attached).

The age of our sample is reflected in the occupation of members. Almost 40% were retired, a product of the very high number of retirees among members of registered clubs and the NRMA. Indeed, retirees are the single largest “occupational” group for all our fields except sport. Only among our sports club members did people in full-time work predominate. There the second largest group almost one-third were full-time students (see Table 2 attached). Our sample was well educated. Over one-third had completed a university degree. This was true of 45% of Landcare and almost 50% of sports club members (see Table 3 attached). So far as we can tell, the sample reflects the gender and age of membership of mutuals in each of our fields. There is clearly an overrepresentation of university educated (only about 15 percent of the adult population).

Table 3 sets out a few more characteristics of our sample of members. Around 85% of our sample lived in a capital or regional city; 34% of Landcare respondents lived in a rural/country location, 20% living on a farm. Our respondents were not a mobile group. They had lived at their current residence for an average of 32 years. They had been members of their club or association for 19 years, though NRMA members who had belonged to their motoring association for an average of 34 years skewed this average (average becomes 11 years when NRMA respondents are omitted). Landcare members had belonged for 5 years, reflecting the newness of this association, while sports club members had belonged for only a little more, reflecting their youth.

Pathways to membership

A little over one-third of our sample had sought to join the club of their own accord. But another one-third indicated that a family member, friend or neighbour had recommended the club. This was the case for exactly one-half of our NRMA members. These paths show the strength of these mutuals in Australian life, but given the age and length of membership of those responding, the picture may be changing. Reflecting the decline in friendly societies, those who sought them out of their own accord were less than 20%, while one-third had been approached by the pharmacist with a suggestion that they become a member (to gain access to cheaper prices). Landcare is the only new type of mutual activity. Not surprisingly, only 12% joined after a recommendation by their family, and almost 20% joined after seeing an advertisement or promotional material.

What do members value about their mutual?

Our respondents were asked about their reasons for joining their club or association and then their reasons for remaining a member. They were given a list of fifteen possible reasons or motives, developed after analysing the transcripts of key informant interviews and focus group discussions, and asked to rate them as very important, fairly important or not important or not relevant. The fifteen possible reasons were grouped into four sets, each set corresponding to one of the motive sets we had identified in the literature. These were material motives, self-enhancement,

social and altruistic. Self-enhancement reasons were not material, but were basically focussed on self. The last two sets required some form of interaction with others to be realised and could be seen to be providing some form of relational goods. For this reason we called them relational mutual and relational altruistic.

On the basis of research reported in the literature, built into our model, we expected that people would have fewer reasons for becoming a member than for staying a member. This proved to be the case. On average, our respondents had 3.1 reasons that were very important in their decision to join and slightly more, 3.4 reasons that were very important for remaining a member. This increase proved statistically significant ($p < 0.01$).

In order to display and analyse the motives of individual members grouped by their club, for example, or by field or by age or gender, we gave a standardised score for each respondent's value choices and aggregated these into our four value sets. A very important scored two, fairly important one and not important zero. Individual scores for each item were then aggregated and averaged for each value set. For example one respondent may score two on material motives and nothing on others, while another may score two on relational altruistic, one on self-enhancement and zero on material. To most easily compare the relevant aggregations of these scores we used a diamond. The average score for each motives' set was calculated and noted on an axis representing the relevant motives set. Each axis was arrayed at right angles, enabling the four points to be joined creating a diamond (more strictly a quadrangle) of various shapes.

The joining motives diamond for our entire sample is presented below (Figure 1 attached). The dominance of material reasons can be seen, but this in part reflects the different fields and different types of services offered by the mutuals. Some idea of the differences between our five different fields can be seen in Figure 2 (see attached). Figure 3 (see attached) sets out the diamond for reasons for staying. To explore more closely our hypothesis that peoples' reasons for remaining a member are more extensive than reasons for joining, Figure 4 (see attached) portrays the joining diamond and juxtaposed over it the remaining a member diamond, but only for those who had been members for more than one year and one standard deviation above the mean length of membership for that field

Member Types

Drawing on previous research into membership we identified four types of membership: customer, loyal customer, active member and owner. These distinctions were based largely on a member's use of their mutual. The customer member used their mutual's services only occasionally and had no interest in working with other members as a volunteer and certainly no engagement in its governance. The loyal customer member was a far more frequent user of their mutual's services, but again did not see himself or herself as actively involved in the mutual and certainly not as an owner. The active member was a frequent user of their mutual's services but also was involved in the other opportunities for engagement provided by the mutual – such as volunteering to organise special events. The active member has a sense of psychological ownership demonstrated by their commitment, but it may not be translated into an engagement in governance. By this criterion, neither the friendly society pharmacies nor the NRMA had active members, as their organisations

provided no opportunities for this sort of membership. The owner member was someone who was involved in governance of the organisation (as a committee member, by standing for election, voting, making suggestions to the committee or management). They are also users of the mutuals services and may be involved in other activities associated with sustaining the mutual or projecting it into its community, if such opportunities existed. (As noted, they did not exist for the friendly societies and the NRMA). Table 4 sets out the membership type for each of our fields and all of our sample (45 responses were excluded as providing insufficient data to be included in the typology). The NRMA responses are unusual. Its few loyal customers reflect the insurance character of its main service; the large ownership group reflects the heightened level of interest among some members, and higher voting turnout during the fights over demutualisation.

When we grouped our respondents into the membership typology and looked at their reasons for belonging to their mutual (i.e. motive diamond for staying a member), we found that active members and even more so, owners emphasised relational factors for maintaining their membership (refer to Table 5 and/or Figure 5 for average motive value scores). After relevant variables were dichotomised, a multiple logistic regression was run so as to explore the significant relationships or predictors of member types while controlling for other factors such as age and gender. Relational factors remained significant predictors of active member and owner types, although being tertiary educated proved to have an effect on predicting who was an owner, Table 6 sets out the detail).

Discussion

If mutuals are competing for members with for-profit entities, then their ability to engender in as many of those members as possible a sense of ownership gives them an advantage over their competitors. It is the reality of ownership and democratic processes of control that is the single difference from and thus (potentially) competitive advantage that mutuals have over investor owned firms. But, as earlier research indicated, most members are uninterested in the ownership, or governance of their mutual.

However, examination of our findings suggest a possible way forward for leaders of mutuals. Generally speaking, customers emphasise material reasons for belonging. Loyal customers place even more emphasis on material reasons, but are slightly higher in having other reasons for belonging. Material reasons are still important for active members and for owners, but other reasons are more important, especially relational reasons, such as meeting friends, or collectively helping the community. Given that peoples' reasons for remaining a member are often different to those that led them to join, this suggests that if the leadership of a club or mutual can provide opportunities that encourage members to discover relational benefits for belonging, they will be more likely to move someone who joined for material reasons to discover relational reasons for remaining a member. The provision of opportunities for active membership and encouragement to engage in them will assist in this. These activities are in turn likely to encourage growth of a sense of ownership for the mutual and engagement in ownership activities. There are two beneficial consequences in this. For the mutual, such members are less likely to abandon it to become simply a

customer of an alternative provider. For society, the mutual is better fulfilling its potential as a school for democracy and a contributor to civil society.

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