



**KELLOGG**  
RURAL LEADERSHIP  
PROGRAMME



## **How can you influence Shareholder engagement ?**

Kellogg Rural Leadership Programme

Course 39 2019

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# Executive summary

Co-operatives have existed in New Zealand since 1864. Farmers purchase shares in these co-operatives and become shareholders. For many farmers and shareholders this could be the last time that they interact with this co-operative. I have often wondered why shareholders don't engage with their co-operative when they have invested some of their hard earned money into it. For some shareholders this is a large sum of money invested, yet they have little to know engagement with the co-operative. This led me to thinking, How can you influence shareholder engagement?

Agricultural co-operatives have been operating in New Zealand for nearly 150 years, they are a business model that has lasted. Why are engagement levels decreasing? Where will the next governors of these co-operatives come from if shareholders are not engaged?

With these issues at the fore front of mind I attended the Co-operative Business New Zealand forum and met Directors, Chief Executive Officers and Senior Management from a number of leading New Zealand co-operatives. I then interviewed 4 different co-operatives ranging from less than 500 shareholders through to 10000 plus shareholders to try and gain a greater understanding of how you can influence shareholder engagement.

The key findings that came out of my interviews were

1. All employees need to understand the co-operatives vision and purpose
2. Regular communication is required, minimum of monthly newsletters.
3. Written communication needs to be authentic, not formal speech.
4. Have the close of election date after the 20<sup>th</sup> of the month.

Having staff that are highly engaged and understand the vision and purpose of the co-operative is essential as these people are usually the shareholders first interaction with the co-operative. This allows for a base level of engagement to be set.

The recommendations that have come out of my report are that all co-operatives are trying to engage with shareholders. Some are doing well and some are still trying to find the correct methods of engagement. Keep sending out regular newsletters and emails as some form of engagement is better than none. Be proactive in your approach to engagement, little and often communication is better than sending out a two page document for shareholders to read.

Every co-operative is different and all shareholders have different needs and requirements from their co-operative. "Not one box fits all" works for co-operatives. Shareholder engagement is a long term process. Co-operatives need to keep trying and shareholders need to remain engaged. The key is to keep engaging with shareholders during good times and bad, find innovative ways to engage with shareholders through the use of modern technology and to make the engagement as easy as possible for shareholders to complete.

I wish to thank the Kellogg Programme Investing Partners for their continued support:



Figure 1: " Shareholder engagement on the rise."

[https://brownflynn.com.shareholder engagement on the rise.](https://brownflynn.com.shareholder%20engagement%20on%20the%20rise)

“Nothing truly valuable can be achieved except by the unselfish cooperation of many individuals”

Albert Einstein

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## **Introduction:**

The phrase “shareholder engagement” has many different meanings to many different people.

Many organisations here in New Zealand and across the world spend a lot of money engaging with their shareholders. Unfortunately for many of these organisations the return engagement from the shareholder base is very low.

Here in New Zealand many people belong to Co-operatives (co-ops) as shareholders, they purchase shares in these co-ops , this gives them a sense of belonging to an organisation. Some people join co-ops so that they can enjoy the benefits of products and services. By purchasing shares thus becoming shareholders these people are the owners of these co-ops, all be it in a small way.

“Co-ops are businesses that belong to the people who use them and follow three fundamental principles in their operations:

- Each member has one vote in the decision making process, regardless of financial investment

- The business is owned by those who use it

- Earnings are returned to members in proportion to how much they’ve used the co-op”

(Rural Business Co-op Service, RBS Research Report 177, Jan 26 1998)

I often wonder when I go along to one of my co-ops meetings, whether it is my fertiliser co-op, dairy co-op, livestock co-op or breeding services co-op why more shareholders and owners are not there listening to what is happening to their financial investment in that co-op?

Co-ops have been around globally since the early 1800’s. In New Zealand the first co-op was established in 1864, The Nelson Building Society. ( Co-operative Business New Zealand 2018).

The first recorded producing co-op was formed in 1871. The Otago Co-operative Cheese Co. Was formed at John Mathieson’s Springfield farm on the Otago Peninsula, on 22 August 1871. Eight neighbouring dairy farmers purchased shares, with each share having a value of one pound and representing the supply of 10 quarts of milk. Three enamelled cast-iron tubs, each holding up to 50 pounds of curd and a wooden vat capable of holding 100 gallons of milk was purchased. By the end of the first season, they had produced 3 tonnes of cheese.



Figure 2: The original buildings of the first New Zealand Agricultural Co-op, Otago Co-operative Cheese Co.

(Source: Co-operative Business New Zealand, 2018)

These 8 farmers were the pioneers of producing co-ops here in New Zealand. By the 1900's there were 111 co-ops operating within the dairy industry alone. The number of co-ops has fluctuated over the years and during the 1970's and 1980's mergers and amalgamations between co-ops especially in the dairy industry happened.

Co-operatives have survived and will continue to survive provided there is engagement with shareholders of these co-ops. In 2016, the Rt. Honourable Bill English (Then Minister of Finance, National Government) said "Co-operatives are the business model that has stood the test of time." (Source: Co-operative Business New Zealand 2018)

Engagement is a 2 way street. Firstly there is the engagement from the co-op to the shareholder, and secondly engagement from the shareholder back to the co-op. Unfortunately this doesn't seem to be happening.

Why? What has happened to bring this dis-engagement from the shareholders and owners of their co-op? Many shareholders have large amounts of money or capital tied up in their co-ops, why aren't they interested? What can co-ops do better to engage with their shareholders?

Co-operatives spend a lot of money on shareholder engagement, for me I find it disappointing and disheartening when senior executives and board members of co-operatives have taken the time to come to our regions to tell us what is happening within our co-operative and shareholder turnout is poor.

With this at the forefront of mind I aim to find out what some co-operatives in New Zealand are doing and have done around shareholder engagement and then compare and contrast the findings with examples of shareholder engagement from co-operatives overseas.

## Study Method

To enable me to get a better understanding of shareholder engagement I met with the CEO of Co-operative Business New Zealand, Mr. Craig Presland. I was fortunate enough to be invited and attend the New Zealand Co-operatives Forum day held in February. This day was the chance to meet with a large number of Directors, Chairpersons, CEO's and Senior Leadership members of a large number of co-operatives here in New Zealand. This was a day full of positive energy from members. The sharing of success of individual co-ops, how they did things and why they did things gave me a greater understanding of the role of co-ops here in New Zealand.

The keynote speaker for the day was the Honourable David Parker, Minister for Economic Development, Minister for the Environment and Minister for Trade and Export Growth.

He noted that co-ops here in New Zealand employ just on 50,000 people and generate 18% of our Gross Domestic Product. He stressed how important co-ops are to New Zealand and the future of the New Zealand economy.

This information kept bringing me back to the question about shareholder engagement. Why aren't more shareholders engaged?

With this question at the forefront of my mind I made contact with three different co-operatives. They are all involved in the agricultural sector. In order to get a good representation I approached these co-ops as they all have different characteristics across New Zealand. From a regional co-op with less than 500 shareholders, to a medium sized national co-op with 1000 to 2000 shareholders. The third co-op is a large co-op that is right across New Zealand with 5000 to 10000 shareholders. I also made contact with a director who has been through mergers of co-ops from a regional scale right through to an international scale. I did this to try and gain a greater understanding of shareholder engagement from 1000 shareholders through to 15000 shareholders.

By selecting these co-ops and director I interviewed them all to obtain a clear picture of what can be done to influence shareholder engagement.

To protect the identity of each co-op I have been involved with and to protect the key personal from these co-ops that I interviewed, I have decided to call them Co-op A, Co-op B, Co-op C and Co-op D.

Once I had all of the information from these four co-ops I then tried to group similar sorts of responses from them into a table form. This enabled me to build up a picture of what these individual co-ops are doing, is it effective, and what level of results they are achieving with shareholder engagement.



## Co-operative A

Co-op A is a regional co-op that falls into 1-500 shareholder range. This co-op has been operating for in excess of 50 years. It has a strong shareholder base. Co-op A has a strong engagement model with its shareholders and in return the shareholders are fully engaged with their co-op.

In order to reach these strong levels of engagement the board and management have started by clearly defining the co-ops purpose and vision. This is then clearly explained to all staff, shareholders, customers and visitors that are involved with this co-op. The local community, Iwi and schools have all been invited to partake in seminars to learn about this co-op. For a regional co-op, everyone is connected in some way, whether the shareholders children attend the local school or a staff members spouse works in the local store. Everyone is made aware of where this co-op originated from, how it got to its position today and what are the plans for the future. It clearly takes you on a journey in a simple, clear and concise way.

The board and management are “constructively paranoid in both good times and bad.”  
(Quote from the Chairperson of the Board of Co-op A).

With an attitude reflected in the quote above, the board and management have enabled the engagement levels of the co-op to be extremely high. At co-op meetings they regularly get in excess of 70% of shareholders turning up to hear what is happening within their co-op. At the Annual General Meeting (AGM), Co-op A regularly gets above 90% of its shareholder base at the meeting and voting is even higher. In order to get to this level of engagement the board and management have worked extremely hard at identifying areas that they can influence in order to engage better with shareholders.

These being:

1. Timing of meetings. Start meetings at 10am so that all shareholders have a realistic chance of attending the meeting. Make sure the meeting dates don't coincide with things such as school holidays or other events that are happening in the region on the same day.
2. Be authentic. Shareholders want to hear language that the board and management have written themselves. Shareholders like to hear genuine, authentic, basic but solid information. In good and bad times the board and management always want to maintain the trust and respect of shareholders. In tough times these messages need to be delivered in a constructive manner. Using language like “we as a board and management appreciate the work that you do, your teams does, and the work that your families do”.

3. Be conservative as you are dealing with peoples livelihoods. Under-promise and then over deliver on expectations or goals that you have set.
4. Recognise your shareholders and your staff. Celebrate their success.
5. Socialise ideas and bring them out to shareholders early. Make shareholders aware of issues that could potentially affect them. Environmental issues, work together as a co-op and shareholders.
6. Educate in future generations. The board is only around for a finite period, the co-op is going to be around for a long time. Spend time looking for potential leaders and governors of the co-op.
7. Engagement spreads wider than shareholders. You need to be engaging with schools, Iwi, community and staff. Open up your co-op so people and families can come and have a look through. This builds moral within the staff as they are proud of their co-op.
8. Regular emails and newsletters. Co-op A works on the theory of little and often updates.

Co-op A uses all of these forms of engagement, they do come at a cost, but what is the cost if they aren't done? Points 1 to 5 above can be done at the regular meetings in a cost effective way.

The board and management of co-op A put a strong emphasis on being pro-active in their shareholder engagement. This has been shown to me by over 90% attendance and voting of shareholders at their AGM.

## **Co-operative B**

For nearly 50 years Co-op B has increased in size from being a local co-op with a few like minded shareholders who invested primarily to increase their farm gate returns through a collective approach rather than competing with each other. At one of the original AGM's one shareholder made the comment that we all need to pool together because of a lack of industry body.

Over the last 50 years co-op B has grown significantly through purchasing organisations, plants or merging and partnering with other organisations to become the largest co-op in their field with a shareholder base of between 1000 and 2500 shareholders spread right across New Zealand.

I was fortunate enough that when I approached this co-op regarding my Kellogg report on shareholder engagement they were looking at this topic being a large focus of the board over the next 2 years.

Co-op B has, and do acknowledge themselves, that they do not have regular engagement with their shareholders. This was highlighted when we started our discussions with only 70% of their shareholders having email addresses. This is primarily due to the fact that some shareholders live in remote areas with limited or nil internet/broad band coverage. This represents a problem for co-op B straight away and one that they have identified.

Co-op B does send out newsletters to shareholders through the post. These newsletters come out every quarter or half yearly. These newsletters keep shareholders informed of what has happened. The main contact that shareholders have with co-op B is in the form of field reps on the road, however shareholders might only see their field rep every 2 or 3 months. The field reps are employed by a company that co-op B is a partner in. Whilst shareholders are getting information that is from the merged company it is not direct from the co-op.

From co-op B perspective, trying to provide greater financial returns and also greater engagement levels is proving challenging. Members of the board are always freely available to be contacted by shareholders and they usually receive 3 or 4 phone calls from shareholders every 2 or 3 weeks. The returns that shareholders receive are good returns and many shareholders are happy to receive these returns with little or no engagement with the co-op.

As mentioned Co-op B is reviewing their engagement model and will hopefully have every shareholder contactable by email with the advances in technology.

## Co-operative C

This co-op is a large nationwide co-op that has between 5000 and 10000 shareholders. It has been operating for over 50 years. It has grown from a small regional co-op through to a large national co-op.

This co-op has gone through some fundamental change during its history. This change was needed to ensure its shareholders, both large and small were given access to loyalty programmes being offered. This promoted loyalty from both the co-op side but it also promoted loyalty from the shareholders of co-op C. Shareholder engagement was a big focus for the Board of co-op C. They wanted to get shareholders involved in the co-op as these shareholders had “real skin in the game”.

The Board of co-op C lead the shareholder engagement in association with the CEO and members of the Senior Leadership.

They started by doing these things:

1. The Chairperson of the Board and CEO started to write all of their newsletters that went out to shareholders. They had access to a communication team who proof read everything. This communication team was primarily used in retrieving and processing all of the feedback from shareholders.
2. Co-op C started to send out bi-monthly newsletters to all shareholders. These emails informed shareholders of what has happened over the last 2 weeks. If targets have been met, if not, why? This started to provide shareholders with a degree of transparency with what is happening within the co-op, but more importantly it provided shareholders with real time information that they could hold the Board and management to account with. Over time this has started to build up elements of trust and respect from shareholders towards the co-op, Board and management.

By starting with these 2 simple but effective methods of communication from co-op C to shareholders, over a period of 2 to 3 years shareholder engagement within this co-op has grown. I have looked back at the last 3 years voting at AGM's of this co-op and seen that for 2 big changes the co-op has needed 75% or more support from the shareholder base to pass these resolutions. One resolution was passed with 80-85% support and another was passed with 88-93% support.

For Co-op C this has proved to be a successful engagement model when they are getting engagement levels this high.

## Co-operative D

For the purpose of this report co-op D is actually a director of a co-operative. I was fortunate to talk to this director over a number of meetings and thought that it would be beneficial to interview them. Co-op D has been involved in mergers in co-ops from 1000 shareholders in a regional environment, through to a national co-op with between 3500 and 6000 shareholders. From here they were also involved with an international co-op with in excess of 10000 shareholders. Co-op D is also a director of a co-op with between 500,000 and 1,000,000 shareholders. By utilising this experience from co-op D I will get an understanding of the issues that increasing in co-op size has on shareholder engagement.

Co-op D does not believe that the size and scale of co-ops is an issue. To get effective shareholder engagement, co-op D believes that these principles must apply:

1. The entire workforce of the co-op need to be engaged and committed to making sure the co-ops vision and purpose is clear and they are actively communicating this every time they are talking to or visiting shareholders.
2. Communication to shareholders has become much more advanced with the use of technology. Co-op D believes communication teams are very good at creating jobs for themselves. They are able to send out information, see if the information is being opened, see what part of the website is being viewed . Co-op D says that it is hard to determine whether communication teams are actually effective at creating shareholder engagement.
3. Co-op D believes that for effective shareholder engagement communication needs to be a holistic approach from both the Board and management working extremely closely with the communication team.
4. Messages from the Board and management to shareholders need to be written by the person themselves. They need to have a personal approach to them not just a formal written document from the co-op.
5. Co-op D talks about the layers of an organisation can actually block communication. This is where Co-op D believes “Chinese whispers” start about co-ops.

Co-op D believes there needs to be a direct communication line from the Board and/or management straight through to the shareholder base. With the speed of technology, modern communication is so fast , messages can and should be out quickly.

## Indirect Shareholder engagement

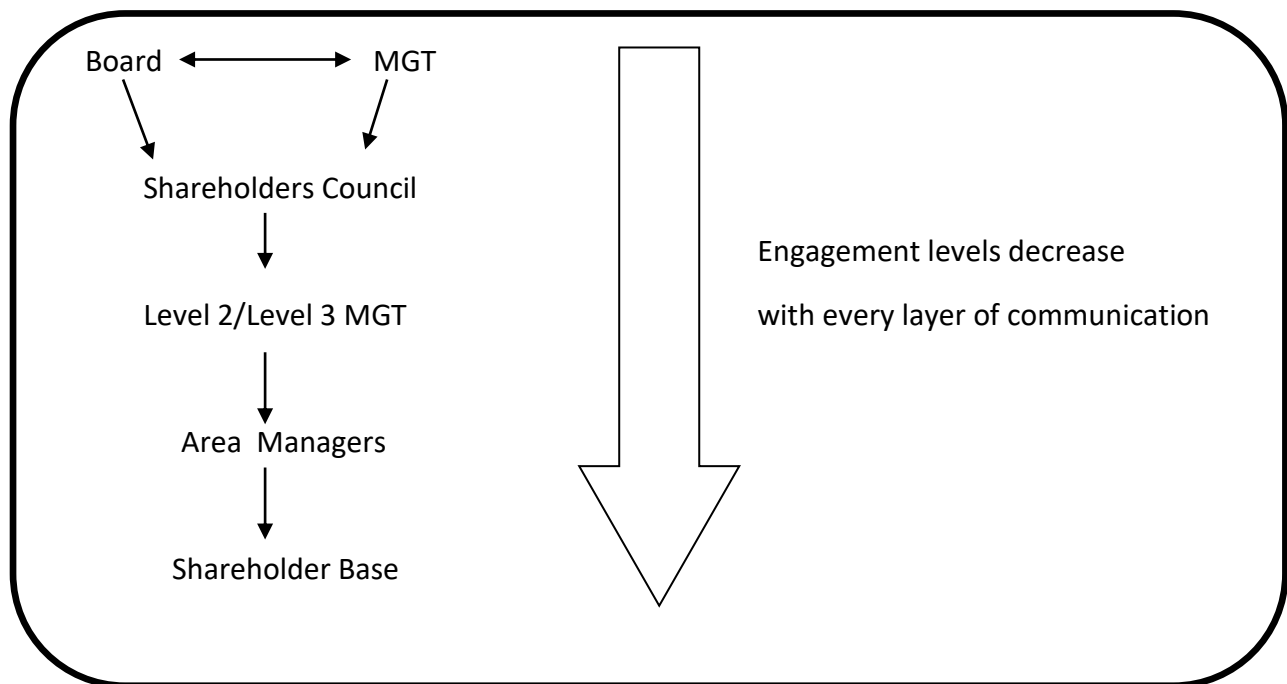


Diagram 1.

Co-op D drew this diagram for me. As you can see it has a shareholder council layer. This is unique to New Zealand Co-operatives Fonterra and LIC. These 2 co-operatives have this layer of representation for the shareholder base.

## Annual General Meeting Voting

It must be noted that when you see the results of resolutions passed at AGM's of co-ops they might have a vote passed in favour with 93% majority. This figure can be somewhat miss-leading in the fact that the 93% is not from the total shareholder base. This figure is only from the shareholders that actually voted. A co-op may have only 10% of its shareholders vote. A co-op with only 1000 shareholders, this only represents 100 shareholders. At a 93% majority, this means that only 93 shareholders voted in favour. Thus it looks like a strong mandate at 93%, but it needs to be taken in context of how many shareholders actually voted from the shareholder base. Normally voting in co-ops in New Zealand has a voter turnout of between 20 and 40% of the shareholder base. Some regions might experience higher voting and some might be lower, but the average lies between 20 and 40%.

## Shareholder engagement in relation to Constitutional Change

Co-ops do face some big challenges when they need to change their constitutions. (The constitution are the rules and regulations by which the individual co-op, the Board members have to operate and abide by).

For co-ops to change their constitution they require 75% of the shareholder base to vote in favour of the changes proposed. Over the last 5 years there have been some of the larger co-ops in New Zealand that have made structural changes within the co-ops that have required a greater emphasis on shareholder engagement. This engagement has been driven by the Board members of the co-ops and supported by members of the senior leadership teams. The engagement model required by co-ops undertaking this form of engagement is a lengthy and costly exercise. It is one that requires patience from the board members and the co-op so that all shareholders have a chance to understand what is proposed and the ramifications of a yes or a no vote.

Two co-ops that I have spoken with have said that as a board you need to be thinking of this 5 years in advance. Firstly, the Board will be thinking about the strategy that the co-op is headed, what needs to happen in order for these proposed changes to occur. Once these decisions have been made then all members of the board need to agree on the proposed changes. The senior management is then made aware of what is being proposed. The proposal can then be tested by legal experts before the shareholder base is even aware of what is happening. This process can take upwards of 2 years.

Once shareholders are informed about the proposal, the board will then have to undertake the large job of getting around the region or country talking to as many shareholders as possible getting their views on the proposal. Communication teams are heavily involved in putting together presentations and reviewing all the feedback that comes back from shareholders. The board will then take on board all of the major themes of concern that have arisen from shareholders and discuss and make any necessary changes. This is always done in conjunction with legal experts. Once they have finally decided on the final proposal another round of regional or nationwide meetings take place. Phone calls are made to shareholders, information packs are sent to all shareholders so that the information is readily available to read. This process can take another 2 or 3 years. Then the board sets a date for a vote on the proposal at either a Special General Meeting or at the AGM.

As you can see this is a lengthy and costly process and one that boards and co-ops don't take lightly. If the proposal doesn't get passed, then the board haven't succeeded and are forced to review their position. Usually on both the board themselves and for the direction of the co-op.

For the purpose of this report this form of engagement is another topic altogether but it does highlight the need to continue with pro-active positive shareholder engagement that

will hopefully allow for easier engagement models if and when the time arises for co-ops to change their constitution and get 75% or more support from the shareholder base.

At the New Zealand Co-operative Forum day that I attended a number of director's or CEO's presented during the day.

One of the presentations that stood out for me during the day was from Rob Hewitt. Chairman of Silver Fern Farms(SFF), a meat processing co-op that went through fundamental change. He spoke to the forum about engagement with shareholders when SFF went through the merger process with Chinese company Shangai Maling.

Rob Hewitt's 3 golden rules of advice to all the members of the forum when engaging with shareholders are:

1. Keep the message simple
2. Don't bullshit
3. Once they understand it, repeat it, repeat it, repeat it again.

Obviously these 3 golden rules of engagement from Rob Hewitt worked as SFF shareholders did vote in favour of changing the co-op structure and enter into a partnership with Shangai Maling.



## Compare and Contrast the four Co-ops Interviewed

In the table below I have tried to group together the main themes that came out of my interviews with the four different co-ops.

I have grouped the responses under the four headings from Purpose and Vision clearly defined across to Developing future Leaders programmes.

	<b>Purpose and Vision clearly defined</b>	<b>How often does your Co-op communicate with shareholders</b>	<b>Level of engagement from shareholders back to co-op.</b>	<b>Developing future leaders programmes</b>
<b>Co-op A</b>	Definitely all staff need to know it and reference it to shareholders	Monthly. Work on the theory of little and often communication	90% plus of the shareholder base.	Need to continually evolve and train new leaders for our co-op.
<b>Co-op B</b>	Board know it. Not sure how many of the employees know it	3-4 times per year	10% to 15% of the shareholder base.	No programme in place yet.
<b>Co-op C</b>	Board and senior management know it. Unsure how many employees know it	Bi-monthly	40%-60% of shareholder base	Yes. Co-op C is identifying shareholders and starting governance programmes
<b>Co-op D</b>	Every staff member needs to clearly know the vision and purpose	Monthly is a minimum	60%-70% of shareholder base	This is an essential part of shareholder engagement.

Table 2. Comparing and contrasting the four different co-ops interviewed.

Based on the table above some clear trends have become apparent.

1. In order to reach high levels of shareholder engagement , co-ops need to invest in their staff so that all staff members have a clear understanding of what the vision and purpose of the co-op is. By staff having this clear understanding, every time they enter into discussions with shareholders they are able to articulate the vision and purpose with shareholders.
2. The board and management need to have regular contact with shareholders, both in email form and postal to ensure all shareholders are being reached.
3. Educating future generations of leaders is another emerging theme. Co-ops need to identify and then invest in shareholders whom they believe will become the future leaders of the co-op, thus engaging with these shareholders, these shareholders only need to engage with another 10 shareholders and an information tree is formed. This passes down valuable information to the shareholder base.

By contrasting Co-op A and Co-op B you can see that Co-op A has regular contact with its shareholder base. It has high levels of shareholder engagement from the shareholders back to the co-op. It does need to be mentioned that co-op B is a nationwide co-op compared to co-op A which is regional co-op. Co-op B is limited with only 70% of their shareholders having internet coverage or email addresses.

Co-op A and Co-op D have very similar values placed on shareholder engagement. Regular monthly contact is a minimum. This communication needs to be authentic and written by the chairperson of the board or the CEO themselves.

Co-op C and Co-op B are both nationwide co-ops. Both co-ops board members know what the vision and purpose of their respective co-ops are. Co-op A and Co-op D both view every employee knowing what the vision and purpose of the co-op is as an essential element in achieving high shareholder engagement.

It must be noted that Co-op A is the only co-op that mentioned to me that they actively liaise with their local Iwi. I have noted this back in the section relating to Co-op A.

Now that I have compared and contrasted the work from the four New Zealand co-ops I then tried to find similar engagement work from co-ops around the world.

What I found is that there are a lot of small agricultural co-ops operating in many different markets throughout the world.

Mr Balu Iyer, Director General Asia Pacific, International Co-operative Alliance. He spoke at the NZ Co-op forum in March 2019, and said that 50% of the top 300 Co-ops worldwide are in agriculture and wholesale. Fonterra is at number eight on that list.

During his presentation he said that in Nepal in 2015 they had a population of 26.88 million people. There were 33599 different co-ops with 6 million members. In Malaysia, teachers are encouraging school children to form co-ops so that they can learn about where food comes from and how to buy food when they are older.

Whilst here in New Zealand our teaching methods will differ a great deal with regard to teaching children about growing and purchasing food the students are getting exposed to co-ops early and understand their value of belonging to one.

In a study done by Osterburg and Nilsson in 2009 on "The Key to Trust and Commitment in Agricultural Co-operatives", they found that there are considerable differences in members commitment and trust in farming. This is due to their satisfaction with the profitability of the farm operations and members age. Older members were found to be less trusting of Board members.

When I look at this abstract from this report I note that only one of the Co-ops that I interviewed mentioned that they had an 'ageing shareholder base'. Obviously shareholder engagement is going to be driven around how the co-op is operating and what sort of price or return shareholders are receiving from their co-op.

Developing future leaders was a theme that came out of my interviews. In a study done by Bhuyan in 2007 on "The People factor in co-operatives", they found that "when a co-op provides education or when members serve or have served on the board of directors or co-op committees, the level of member commitment is positively affected."

When I compare this statement to the responses that I received I can see that 75% of the co-ops that I interviewed have identified this as a way of achieving shareholder engagement. By investing in the future leaders of the co-ops and taking the time to train and up skill these shareholders then this will have a positive effect on shareholder engagement.

A generalisation that comes from many shareholders is that they feel dis-engaged from their co-op because of the distance from the head office or processing site to their operations. They feel that they are not listened to or valued and only those shareholders that live close to the head office or processing sites are listened to.

Co-op D was a firm believer in the fact that size and distance from the head office or processing site should not have any impact on shareholder engagement. Co-op D believed that if you had other aspects identified and operating effectively, such as a staff knowing the vision and purpose of the co-op then shareholder engagement would follow.

In 2011 Pozzobon and Zylbersztajn completed a study on Member participation in Co-operatives. They found that the distance between the farm and co-operative headquarters negatively influences the level of participation.

This might have been the findings that came out of their report however in my findings Co-op D firmly believes that distance and size should not negatively influence shareholder engagement.

## Limiting factors in my research

Before I start on my conclusions and recommendations, I must state that to get an even greater understanding of how co-ops engage with their shareholders then a greater number of co-ops need to be interviewed to gather a greater pool of data.

## Conclusions

Shareholder engagement from a co-op perspective is an essential aspect of running the co-op. It informs shareholders about what is happening within the co-op that they are members of. Every co-op does some form of shareholder engagement, however some co-ops do it better than others.

Whilst I have been researching this topic I have identified some of my own personal views of how co-ops can engage better with shareholders and hopefully shareholders engage better with their co-ops.

These being:

1. Have regular contact with shareholders. It seems that by getting small amounts of information out regularly shareholders become more engaged rather than big amounts of information at irregular times during the year. Prior to meetings and voting closing, one week out send a reminder email, one day out send a text message reminding shareholders of the closing date.
2. Written material to shareholders needs to be written by the Board Chair or CEO. This information needs to be authentic, not a formal written statement by a communication team.
3. Keep communicating. Any form of communication is good from a co-op to shareholder but it needs to be regular.
4. Vision and purpose clearly defined. Co-ops with staff need to make sure that all staff members are well versed with the co-ops vision and purpose and let shareholders know this information.

## Recommendations

5. Timing of elections of directors. Many farmers are shareholders and are involved with many different co-ops. The first thought that I have had is that by having Board member elections and voting at the same time as the co-ops AGM. By combining these, it means that shareholders are only voting once for this co-op. In the past Director elections are held at different times of the year to the AGM thus meaning shareholders are needing to vote twice a year on issues relating to the co-op.
6. Make the close of voting after the 20<sup>th</sup> of the month. Many of the shareholders that I have spoken with put all of their mail and information aside until when they pay the bills on the 20<sup>th</sup> of the month. It seems logical that all mail will be sitting in a pile and be read on that day. Why have something that closes on the 10<sup>th</sup> or 15<sup>th</sup> of a month.
7. Use of quick and efficient technology. Many shareholders that I have spoken to say that with the way technology is going by having the information on their smart phones that are with them all the time they can make decisions straight away. More and more people are using smart phones rather than traditional forms of communication such as mail through the post.
8. Refer to shareholders as shareholders, not as customers. This has become apparent when interviewing one co-op, how they addressed their shareholders. Yes we are customers but more importantly we are the shareholders of the co-op. Shareholders did not like to be referred to as customers.

Increasing shareholder engagement is not going to happen overnight. The Board of the co-op needs to make a concerted effort and put in a long term plan as to how they are going to engage with shareholders and what level of engagement they want from shareholders. By increasing engagement levels I believe that shareholders will participate more with the co-op, not just by voting but by attending more meetings, road shows or at field days. All these types of engagement from the co-op attract the attention of shareholders and will over time I believe increase the level of shareholder engagement.

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As I mentioned earlier in my acknowledgements I have not named any of the co-operatives that I have been involved with to eliminate the risk of them being identified.

I must make reference to all of the Board directors that I have interviewed, the CEO’s that I have interviewed and also the senior leadership members that I also interviewed. Without your support and willingness to provide me with information I would not have been able to undertake this report.