

Livestock Improvement Corporation
Shareholders and their engagement with
Livestock Improvement Corporation's
Shareholders Council.

Kellogg Rural Leadership Project
2015

By
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1. Executive Summary

Engagement. Livestock Improvement Corporation and Livestock Improvement Corporation Shareholders Council. What is the interaction and what can be done to improve this?

What is engagement? How does it manifest itself? What effect does it have on people and how do they react to it?

What bearing does this have on the actions and interactions of Lic, Lic shareholders and Lic shareholders council.

These are the questions that I have been thinking about and will follow through with to see why engagement is at the level it is today and if there is any way we can improve on these levels.

Firstly I answered (What is engagement?) I followed by looking at engagement between LIC and their shareholder/farmers. After this I developed a survey to ascertain which themes of engagement individual shareholder/farmers aligned too.

The outcome of this is that it has become clear that there is a large number of shareholder/farmers that have very limited knowledge of shareholders council and what its role is and how this role is implemented. Also it has become clear that there is a direct linkage between which theme of engagement that a shareholder/farmer is aligned with and their level of engagement.

There needs to be a greater emphasis placed on the level of service to the shareholder/farmer base so as the empathy between LIC, LIC shareholder/farmers and LIC shareholders council can be raised to higher more positive levels.

2. Acknowledgements,

Thank you to Livestock Improvement Corporation Shareholders Council for sponsoring me on the programme and being the catalyst that inspired the topic for this project.

A special thank you to my partner Catherine, who has held everything together on the home front during my absence.

Thank you to all the people that have tolerated all my questioning and assisted with the collection of the content.

Sandy Hickey, LIC

Susan Cuthbert, LIC

Gill Brennan, LIC

The anonymous farmers who suffered my questionnaire,

3. Introduction

As I have sat in meetings I have often deliberated on what is it that drives me to attend this meeting. The drivers for me have often been quite obscure. Is it that the topic for the meeting was of deep interest to me or was it simply that the weather was really poor and it had offered a legitimate excuse to escape the mud at home? Then gazing across the room at the other attendees I start thinking, what are their drivers? What is it that gets them to leave their farm and attend the meeting was it all the information and interaction provided? Then the question develops. Why are so many others not attending? The topic today is stimulating and there is great information available. Have these people not been advised? Or is it that they simply are disengaged and have turned off before they have even read their advisory information? How does this impact on their view of Livestock Improvement's shareholder council? Could this have an effect on the performance /quality of Shareholders council because the more information/feed back shareholders council receives the better the understanding and quality of a topic and decisions.

Now that I sit on the Livestock Improvement Corporation Shareholders Council these questions keep coming back and I feel that we should be doing more to improve engagement so the big questions for me are;

1. What is engagement?
2. Why is engagement at the level it is today?
3. How do we go about improving these levels of engagement?

3.1 Aims and Objectives

I have set out to understand these questions in the context of LIC and the Shareholders Council. When we have a greater understanding of how these questions interact and the effect that one variable has on the other we can start to change the attitudes towards engagement, which ultimately has to have a massive positive impact on the business of LIC.

3.2 Study Method

I set out firstly to understand what engagement really is. What are the differences between the themes of engagement?

Once this had been ascertained I then looked at LIC and developed an overview of what it was about and how it engaged with its shareholder/farmers. How do they perceive LIC and what effect does this have on the levels of engagement?

I then also looked into was there any linkage between how shareholder/farmers saw LIC and how they interacted with and felt about shareholders council.

To achieve this I ran a limited survey questioning eleven shareholder/farmers with different ages and varying herd sizes about their involvement with LIC and LIC shareholders council. The survey I put together focused around the three different themes of engagement/commitment the idea being to see if there was any difference in the thought process of shareholders and were there any triggers or parameters like age, time in herd ownership, herd size or numbers of herds that appeared to have an impact on the levels of engagement/commitment.

The survey was done by telephone and took on average 30 minutes to go through with each shareholder

The results have been put into table format with analysis to find which themes and at what level did these surveyed shareholder/farmers engage.

4. Engagement

4.1 Definition

What is engagement?

engagement

noun en·gage·ment \in-'gāj-mənt, en-\

: an agreement to be married : the act of becoming engaged or the state of being engaged to be married

: a promise to meet or be present at a particular place and time

: a job as a performer

Full Definition of ENGAGEMENT

1) a : an arrangement to meet or be present at a specified time and place <a dinner *engagement*>

b : a job or period of employment especially as a performer

2): something that engages : PLEDGE

3) a : the act of engaging : the state of being engaged

b : emotional involvement or commitment <seesaws between obsessive *engagement* and ambiguous detachment — Gary Taylor>

c : BETROTHAL

4) : the state of being in gear

5) : a hostile encounter between military forces

(Merriam-Webster Dictionary)

From this definition it is the following excerpt that explains engagement in the terms that are relevant to this study

3) a : the act of engaging : the state of being engaged

b : emotional involvement or commitment <seesaws between obsessive *engagement* and ambiguous detachment>(Merriam-Webster Dictionary)

Although several conceptualizations of attitudinal commitment have appeared in the literature, each reflects one of three different themes: affective attachment, perceived costs and obligation (Meyer and Allen, 1990).

Meyer and Allen(1990) also went on and labelled these commitments Affective attachment—Affective commitment, Perceived costs—Continuance commitment, Obligation—Normative commitment,

4.2 Affective commitment

A member's commitment may be "desired": this is the affective component of the concept which corresponds to an emotional attachment, a feeling of belonging and a wish to remain a member of the organization (Meyer and Allen, 1990).

4.3 Continuance commitment

A member may also concede commitment because he or she feels that there is no other choice but to remain a member of the cooperative since leaving it would entail costs and the loss of acquired advantages. This is the continuance component of organizational commitment. (Meyer and Allen, 1990)

4.4 Normative commitment

A less common but equally viable approach has been to view commitment as a belief about one's obligation to the organisation. (Wiener 1982 page 471) defined commitment as the 'totality of internalised normative pressures to act in a way which meets organisational goals and interests', and suggests that individuals exhibit behaviours solely because 'they believe it is the "right" and moral thing to do' (page 421). Although they do not refer to it as a commitment, other authors (eg Prestholdt, Lane and Matthews, 1987; Schwartz 1973; Schwartz and Tessler 1972) have identified personal norms (defined as internalised moral obligation) as contributors to behaviour, (Meyer and Allen, 1990)

4.5 Commitment Summary

Affective commitment is positively linked to participation whereas continuance commitment is linked negatively or not significantly (Chen and Francesco 2003; Meyer et al. 2002; Norris-Watts and Levy 2004). Thus, we may expect that members who feel affective commitment towards their cooperative behave positively towards it. On the other hand, members who remain within the cooperative because of their perception that the costs of leaving it are too high or because they have no alternative but to continue their membership (continuance commitment), may have feelings of frustration which result in distancing behaviours and non participation in cooperative governance. (Barraud-Didier et al. 2012)

5. Portfolio Problem

Michael Cook (1995) highlighted how the level of each type of engagement within an individual and an organisation can affect the internal pressures and tensions. He described it as the Portfolio Problem. The portfolio issue can be viewed from the cooperative firm's point of view as another equity acquisition problem. The lack of transferability, liquidity and appreciation mechanisms for exchange of residual claims prevents members from adjusting their cooperative asset portfolios to match their personal risk preferences. The cause of this problem is again the tied equity issue – the investment decision is “tied” to the patronage decision. Therefore members hold suboptimal portfolios, and those who are forced to accept more risk than they prefer will pressure cooperative decision makers to rearrange the cooperatives investment portfolio, even if the reduced risk portfolio means lower expected returns. (Cook, 1995)

6. Overview of Livestock Improvement Corporation

6.1 LIC objectives

Livestock Improvement is a Genetics and Technology cooperative supplying high quality genetics to the New Zealand dairy industry and exporting some of these genetics to other countries. As well as supplying herd testing for the New Zealand dairy industry. The data collection from herd testing leads to the identification of the highest quality genetics available. Due to the on going growth of the NZ dairy industry and market dominance LIC has grown to be a \$250 million cooperative.

6.2 History of LIC

Livestock Improvements legacy started in 1909 with the formation of a number of routine herd testing service association's these were supervised by Department of Agriculture.

In 1935 research began into artificial insemination.

1936 saw the establishment of Herd Recording Council.

In 1939 28 herd testing associations were merged into 6 herd improvement associations under the umbrella of the New Zealand Dairy Board. As well as the start of the New Zealand Dairy Board consulting service.

In 1970 the Herd Improvement Department of NZ Dairy Board was renamed Farm Production Division.

The formation of the NZ Dairy Board LIC Division combined the activities of Farm Production Division and the six LIC associations in 1984

Livestock Improvement Corporation formed as a wholly owned subsidiary of NZ Dairy Board and the 6 associations were wound up in 1988.

In 1996 saw the formation of Liaison farmer/National council network. 2001 saw the Dairy Industry Restructuring Act passed into law making Livestock Improvement a user owned cooperative.

6.3 Membership

To be a member of LIC the member has to be a user of the products produced by LIC. Membership is compulsory for users with shareholding reflecting the user's level of uptake. Investment shareholding is voluntary but is restricted to members.

6.4 Shareholder Views

In 2014 Livestock Improvement Corporation contracted Net Promoter Score (NPS) to survey Livestock Improvement Corporation shareholder farmers to find out what it is that shareholder farmers feel and think about Livestock Improvement Corporation, its products and service's.

The Net Promoter Score survey (LIC Brand Development Project New Zealand, 2014) included many very positive comments about the quality of the products – far more than negative.

In general customers appear to choose Livestock Improvement Corporation LIC products over others because they offer the best solution to their need (LIC Brand Development Project New Zealand, 2014).

However, in general there isn't a strong attraction to the LIC Livestock Improvement Corporation Company and brand (LIC Brand Development Project New Zealand, 2014).

In fact, some customers were less than satisfied and there was negative sentiment about LIC Livestock Improvement Corporation overall: Too focused on LIC, and not enough on the farmer (LIC Brand Development Project New Zealand, 2014).

Too sales oriented / pushy.

Arrogant.

Poor service.

Too focused on productivity, not enough on whole picture(LIC Brand Development Project New Zealand, 2014).

6.5 Farmers Perception

A farmers perception of Livestock Improvement Corporation is (LIC Brand Development Project New Zealand, 2014):

- Livestock Improvement Corporation sells many products across many business lines
- Each product is ‘stand alone’ and does not connect with anything else
- The products are more important than Livestock Improvement Corporation
- The product marketing is ‘features and specification’ heavy putting the onus on the farmer to translate the benefit and value
- There is no coherent Livestock Improvement Corporation brand position
- There is no clear sense of what Livestock Improvement Corporation stands for or the value it delivers to farmers (LIC Brand Development Project New Zealand, 2014).

6.6 Farming Today

The NPS survey (LIC Brand Development Project New Zealand, 2014) also found that farming has become complicated.

- Farming was once ‘simple’.
- Then it became complex.
- It is now complicated.
- New science, technology and machinery has enabled more productive farming.
- But now farming is getting complicated.
- More science, technology and machinery mean much more specific knowledge is required of the farmer.

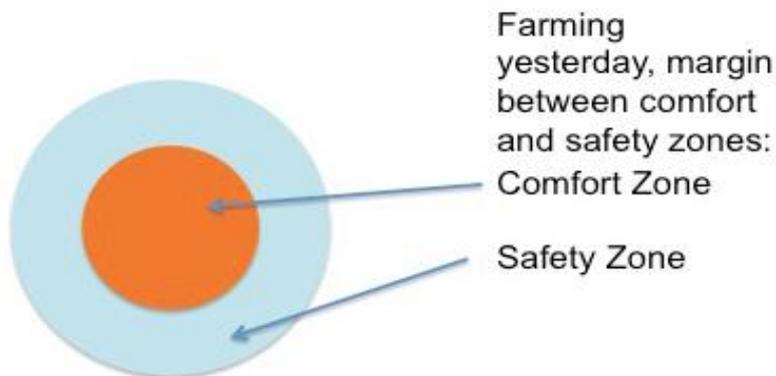
- Increasing production further means farming as an integrated system which requires the best knowledge and solutions (LIC Brand Development Project New Zealand, 2014).

6.7 Farmer Comfort

Farmers today are significantly more leveraged than in the past this has increased their degree of risk it has also reduced their ability to be flexible figures 1 and 2 present this change in position.

Figure 1

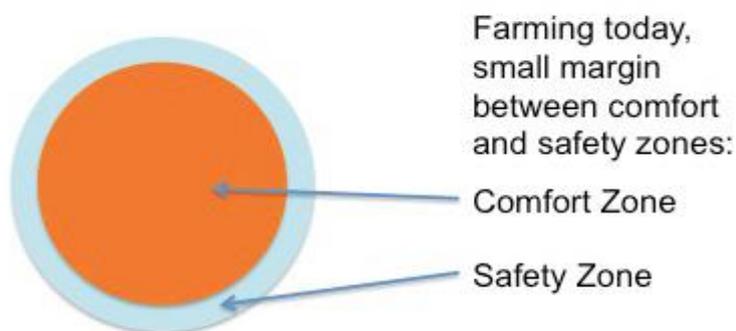
Farmer comfort yesterday



Source (LIC Brand Development Project New Zealand, 2014)

Figure 2

Farmer comfort today



Source (LIC Brand Development Project New Zealand, 2014)

Farmers and farms aren't all the same (LIC Brand Development Project New Zealand, 2014).

Farmer ‘demographics’ have been going through considerable change. Farmer segments are more clearly defined. Each segment has distinctly different attitudes, wants, needs and expectations of the companies they deal with. There is no longer such a thing as ‘a normal farmer’ (LIC Brand Development Project New Zealand, 2014).

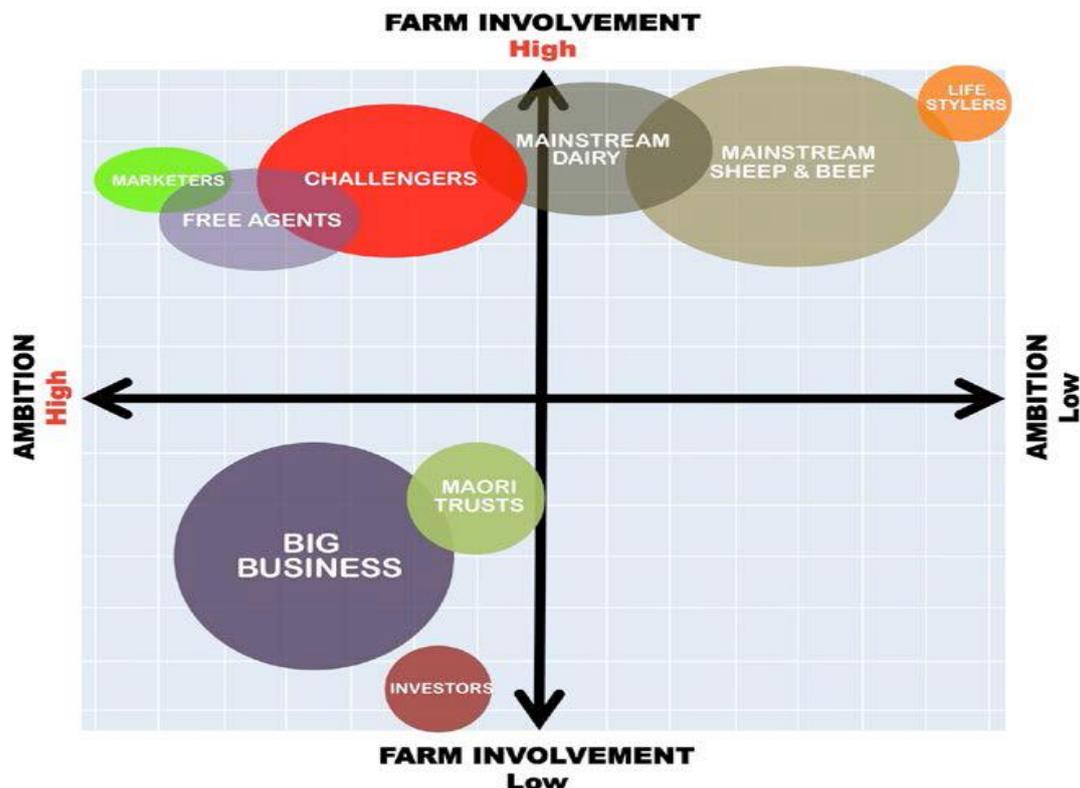
6.8 Farmer segments

(LIC Brand Development Project New Zealand, 2014):

- Mainstream “Farming is my life.”
- Challenger “I need to push the boundaries”
- Big Business “It’s about Return on Investment.”
- Free Agent “I’m on an ambitious career path in farming.”
- Marketer “I need to farm smarter, not harder.” (LIC Brand Development Project New Zealand, 2014)

These segments are displayed in figure 3 and highlights that farmers all have a different goal and level of ambition and their perception of where they should be depends on this goal and ambition.

Figure 3
Macro customer insights



Source (LIC Brand Development Project New Zealand, 2014)

7. Findings

7.1 Shareholder thoughts

Through out the survey process it became clear that the longer the shareholder had been in herd ownership the more they understood and felt about LIC. This also varied for each individual relative to their level of engagement/commitment as well as the percentage of each theme of engagement/commitment.

There were some common theme's that came out during the survey these are

- Lack of communication
- The importance of trust
- Lack of engagement
- Stable and secure
- It also showed there is a wide range of commitment levels through out the shareholders surveyed (is this representative of the wider shareholder base?)

There is no link between LIC shareholders and LIC shareholders Council if there is not first a link between LIC and that shareholder.

All shareholders participating in the survey had many questions and comments on LIC that were not directly related to the individual questions but very much related to the general topic.

These were about

1. Service. This was an essential element of a positive and successful relationship. Clearly in these discussions the empathy which has developed as a result of good service has provided these shareholders with a high level of affective commitment.
2. Communication or the lack of it in some cases has had a significant effect on the relationships and how they have developed.
3. Costs of the products, discounts and larger shareholders vs small and the fairness of this.

7.2 Survey conclusions

There is a wide variation in the level of commitment and the type of commitment. This all stems from experiences that they have had with LIC in general, more so than with the shareholders council. This is very similar to the findings of the NPS survey that was done for LIC last year on LIC itself. Also there are differing thoughts and feelings about LIC

from individuals depending on which section of LIC was being discussed eg Artificial Breeding vs Herd testing vs Minda. No one has any sort of engagement with shareholders council that has not at first been engaged in some way with LIC.

8. Potential Improvements

8.1 Communication

In my opinion LIC shareholders council going forward is going to have to step up in the area of communication to shareholders as many shareholders do not know what it is that Shareholders council has done or is doing.

8.2 Achievements and objectives

What has shareholders council achieved in the past, what is hoped to be achieved in the near future and what are the longer term goals that shareholders council plan to succeed at?

8.3 Reporting

Regular updates from each councillor to their respective ward. Ward meetings, Look into the use of Social media (face book, twitter etc). Should Shareholders council have its own forum page so the shareholders can have their say on their issues of the day, these are all ways that we can get the levels of communication up to a level that will improve the intended outcome.

8.4 Financial Cost

Then comes the difficulty that is the financial cost that will be imposed on shareholders council in the form of larger honorarium and meeting expenses, councillors will need to do a lot more in this area and should their honorarium be increased accordingly? What comes first the increase in time committed or an increase in honorarium to reflect the expected extra time commitment? With social media there will need to be a monitoring process. How do you stop issues running away, turning what really was little more than a storm in a tea cup from erupting into something major? What are the long term costs of this extra communication and will it be of benefit to LIC and the industry in general?

9. Recommendation.

9.1 Level of service

The first thing that is required is that LIC itself will need to significantly improve the level of service that is being offered to shareholder/customers this does not necessary mean that it is free service. It would have to be seen as fair and equitable for all shareholders. Doing this will increase the numbers of shareholders that have that positive affective engagement if one was able to get all shareholders into this space engagement would come easily.

9.2 Communication

Shareholders council will have to increase the level of communication so that shareholders are more abreast of the current issues and expectations of council. By doing this better the sense of family or belonging will also increase the desire to be engaged.

9.3 Organisational structure and membership

Looking at the structure of the organisation and the operational side do customers have to be shareholders? An example is Farmlands where any body can purchase from Farmlands as there is a members price and a non members price. Should LIC look at this as an option as it would allow those shareholders that are engaged in a continuance theme to withdraw. This would have the effect of dropping much of the negativity that surrounds these shareholders currently.

9.4 Fee discount structure

Change how the discounts on fees are allocated. By implementing a discount as in table 1 viewing the concept not the actual numbers the more fields that a shareholder is continually using the greater the discount. A shareholder active in all 6 areas for at least 10 years would finish with a total discount of 60% on their fees where as a shareholder who was active in only 3 areas for 5 years would have a discount of 15% on their fees

Table 1

My Fee discount table

Number of years continuous use	Minda	Artificial Breeding	Herd Testing	Automation	Genmark	Technology
1	1%	1%	1%	1%	1%	1%
2	2%	2%	2%	2%	2%	2%
3	3%	3%	3%	3%	3%	3%
4	4%	4%	4%	4%	4%	4%
5	5%	5%	5%	5%	5%	5%
6	6%	6%	6%	6%	6%	6%

7	7%	7%	7%	7%	7%	7%
8	8%	8%	8%	8%	8%	8%
9	9%	9%	9%	9%	9%	9%
10	10%	10%	10%	10%	10%	10%

Should size also bring in more discounts as it is well known that economies of scale bring savings.

10. Conclusion

All of the recommendations would increase the continuance engagement of the shareholders and linking this in with the service increases being the affective engagement, total engagement would be positively increased.

My view is that once we have the LIC organisational engagement increased it will naturally follow on that the shareholder council engagement will also increase, provided that shareholder council also does significantly increase its communication with and exposure to shareholders.

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12. Appendices

12.1 Appendix 1

Shareholder Council was formed to represent shareholder/farmers and give a clear linkage from these shareholder/farmers through to the Board and management of Livestock Improvement Corporation This role is set out in the Constitution of Livestock Improvement and is as follows.

24. LIC SHAREHOLDER COUNCIL

24.1 Continuation and functions of Council:

The LIC Shareholder Council is a national council of Shareholders which shall represent all Shareholders and have functions in accordance with this clause and the By-laws of the Council.

The Council shall have the following functions:

- (a) approving the Company's mission statement and Key Strategic Objectives as proposed by the Board. After such approval the Company's mission statement and Key Strategic Objectives may not be changed by the Board except with the consent of the Council;
- (b) reviewing the Board's progress towards achieving the Key Strategic Objectives of the Company;
- (c) receiving and commenting on reports from the Board on the Company's key business unit operations at least three times each Season;
- (d) preparing the Council's budget for each Season and, at each annual meeting of the Company:
 - (i) presenting that budget to Co-operative Control Shareholders for approval;
 - (ii) reporting on the activities of the Council in the preceding Season; and
 - (iii) reporting on the views of the Council as to the Company's direction, performance and operations;
- (e) calling a special meeting of Co-operative Control Shareholders, if the Council has serious concerns about the Company's compliance with its mission statement, 2168530.PJR Constitution of Livestock Improvement Corporation Limited 35 Key Strategic Objectives or the fundamental provisions set out in clauses 1.1 to 1.5 (inclusive) and the calling of that meeting is supported by a majority of 75% or more Councillors;

(f) considering and, in consultation with the Board, proposing to Co-operative Control Shareholders changes to the Constitution;

(g) considering any proposed appointment of Appointed Directors and approving such appointment if the Council so decides;

(h) considering and making recommendations to the Board in relation to the policies and operations of the Company; and

(i) such other functions as are conferred on it by this Constitution.

(Livestock Improvement Corporation Constitution 2012)

Livestock Improvement Corporation shareholders council also but not limited to performs the following roles,

- Makes submissions on behalf of farmers, protecting and enhancing the role of Livestock Improvement Corporation in the herd improvement arena in New Zealand. For example to the Ministry of Primary Industries regarding Dairy Industry Restructuring Act and the Core Database and to New Zealand Animal Evaluation Limited regarding the National Breeding Objective (an important industry guideline for Livestock Improvement Corporation).
- Is a watchdog for shareholders/farmers' interests: the company's conscience, ensuring that Livestock Improvement Corporation is always acting in a co-operative manner and in line with its co-operative principles.
- Is a diverse group of farmers that is a sounding board for management regarding innovation and products.
- Provides an opportunity for governance development.

12.2 Appendix 2

The LIC Shareholder Questionnaire I designed and used for this report

Shareholders Number

1) Which age group do you belong in?

20—29 30—39 40—49 50—59 60+

A 50-59

A 60+

A 20-29

A 40-49

A 50-59

A 30-39

A 30-39

A 50-59

A 40-49

A 40-49

A 50-59

2) How many years have you been farming?

< 2 2—5 6—10 11—20 20+

A 20+

A 20+

A 6-10

A 11-20

A 20+

A 6-10

A 11-20

A 20+

A 6-10

A 20+

A 20+

3) How many years have you been in herd ownership?

< 2 2—5 6—10 11—20 20+

A 20+

A 2-5

A 2-5

A 11-20

A 20+

A 2-5

A 2-5

A 20+
A 2-5
A 11-20
A 20+

4) How many cows do you milk?

<200 201---500 501---1000 1000+
A 201-500
A 201-500
A <200
A 200
A 340
A 340
A 501-1000
A 100
A 201-500
A 1000+
A 1000+

5) Are you the key decision maker on the farm? Yes/No

A Yes
A joint
A joint
A not always, day to day No, strategic have an influence

6) Would have a greater involvement with LIC and Shareholder council if you had more time at your disposal?

A Yes
A maybe
A not at moment
A not a high priority
A No Not doing anything
A No, do not do enough for Ayrshires
A yes exciting company, technology, common interests fits nicely with our business
A possibly
A maybe
A yes particularly in breeding
A probably not

7) Do you find the size of LIC has an impact on how you feel you fit in if so positive or negative?

A Yes negative

A No

A No

A Yes positive

A No

A No we are a minority

A No

A No

A yes negative

A no

A no

8) a) Do you trust LIC to deliver for you?

A Yes

A Yes

A yes

A not sure

A No not really try to make decisions for me

A No they stuff it up every year

A Generally yes not put that much thought into it

A yes

A yes

A yes with consultation

A yes

8) b) Does your level of trust flow through to your trust in shareholders council to also deliver?

A Yes

A Yes

A yes experience of councillors

A not sure

A no connection

A Not sure

A Yes council responsibility to hold board to account and insure success

A yes I think they are working in there best interests which also will be mine

A yes but lack of structural understanding

A yes

A No delinked

9) Have you felt that LIC shareholders council has shown good will towards shareholders?

A No lack of communication from council

A yes

A yes new in game no bad experiences

A not sure --lack of engagement

A no opinion due to lack of engagement

A no idea

A Yes, limited dealings but they have been good and productive

A not sure never had any issues

A Yes if there is a problem they will take it and run with it

A yes when required

A Assume they have as no reason to doubt

10) Do you feel that council is prepared to follow through for you?

A No due to lack of commitment towards communication

A Yes

A yes their role is to help farmers

A not sure

A They try

A Not sure have not done anything for me

A Yes

A Yes I would hope so

A yes voted on by shareholders that is what they are there for

A Yes working together to get scale part of business operating easier and better around process.

A Yes they are the voice of farmers

11) Do you believe that mutually favourable actions take place between LIC shareholders council and LIC shareholders?

A yes

A Yes

A yes trust

A not sure

A probably

A yes

A majority of the time can not keep every one happy

A guess so

A yes good source of clarification

A yes have listened to changes in processes that will assist multi herd owners

A assume they do but do not know

12) Would you feel that trust has a central role in farmers' participative processes with respect to LIC and LIC shareholders council?

A Yes

A Yes if you don't have trust you don't have a relationship

A absolutely they are a representative body and people need to trust them to take their issues further

A Yes without trust the dialogue will not happen

13) Does trust affect your level of commitment?

A Yes

A probably

A yes trust makes me comfortable

A yes believe in honesty and trust

A No

A No, no one else

A probably yes it could

A No

A yes

A yes

A Yes on anything I do

14) What is your level of trust in LIC shareholders Council?

High above average average below average poor

A Average

A High

A High

A average lack of current engagement

A average lack of current engagement

A average

A above average

A average

A above average

A high

A average

15) Do you feel emotionally attached to LIC.

A Yes

A Yes

A No service provider not an investment

A No but not completely detached

A No

A yes and no lack of engagement

A Yes common interests

A No

A yes because I love cows

A no it is a service to our business but have had two good FSM who have engaged me in the business

A Yes the herd has been bred to lic now for in excess of 50yrs, trust breeds loyalty

16) Do you feel that there is any viable alternative's that would allow you to leave LIC.

A No

A No

A Yes technological advances

A not entirely, reasonably happy with LIC

A There is for AB but not for herd testing

A No

A yes probably but don't offer the level of service

A No no one better

A Yes family connections to opposition

A Yes but not for the whole package (AB, herd testing, minda)

A possibly but have no need to look

17) Are you happy to engage with LIC shareholders council?

A Yes

A Yes

A yes don't mind voicing opinions

A Yes to know more

A Yes wanting more information

A Yes when got a complaint someone to ring

A Yes if I have concerns I am happy to engage council over it

A Yes

A yes that's their job

A yes another avenue to discuss issues related to LIC

A Yes

18) a) Do you worry about your investments in LIC?

A No

A No

A No faith and trust

A Not really small trust and happy

A No still retain entry shares

A Not really investment not large

A No but probably should

A No strong company

A yes I'm a business person and always worry about my money

A Do not worry, but monitor as they are a requirement of the business

A No

18) b) and if so does this affect your engagement with Shareholders council?

A No

A No

A No

A Yes don't need to worry

A No

A No

A No if I have any concerns I will raise it

A No

A No

A no

A Yes do not need (key account)

19) Do you worry about what might happen if you were not able to be a member and where this would leave you and your business?

A Yes

A Yes

A No security faith trust

A No comfortable with every thing as it is

A No somebody else will do it

A yes because would have to go to ambreed

A No but probably should but also consider exposure risk.

A No would just look at what else available

A yes current involvement with sire proving but no due to family being in opposition

A Yes the loss of many years of records and the collective information gathering of minda

A No, never considered that lic would not be there

20) Does LIC shareholders council show commitment to values that you believe in?

A Not sure

A Yes

A yes

A partly so

A do not know their values

A no idea because all about profit

A Yes think so

A don't know but probably

A I would hope so

A Yes are part of the collective body required to continue improving the breeding potential of our herd

A not sure due to key accounts have more direct access

21) Do you feel there is a sense of family to LIC and LIC shareholder council?

A No

A Yes

A No professional environment elected for the role

A no opinion

A No

A No not shown this to date

A a little bit but could be better

A don't know

A yes because when we had issues had good support

A don't know can not answer but do see genuine passion in staff

A don't know

22) Do you feel a sense of belonging to LIC and LIC shareholders Council?

A No

A Yes

A No currently lack of history and engagement

A partly

A No

A no

A Lic yes, council not so much

A little bit

A lic yes council not so much "communication" weekly like Fonterra chairs letter would be good

A Yes substantial changes by lic supporting my business in the last 18 months have brought me closer to the coop

A to lic more than council

23) Do you fear leaving LIC and LIC shareholders council due to the lack of any alternatives?

A No

A Yes

A No CRV only alternative

A not entirely not a great fear

A No an alternative will turn up

A Yes nowhere else to go

A No but if I was unsatisfied I would be fearful

A No there will be an alternative

A no see above

A Yes minda plays a pivotal role in collecting information eg mating records and stock reconciliation loss of this would disadvantage my business

A No never considered that option

12.3 Appendix 3

Dennis Barclay

Volume 1: Tables

July 2015

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Tabular Results

Table 1: Age Group

Which age group do you belong in?

	Total Sample n	Total Sample %
20-29yrs	1	9
30-39yrs	2	18
40-49yrs	3	27
50-59yrs	4	36
60+	1	9
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 2: Years farming

How many years have you been farming?

	Total Sample n	Total Sample %
< 2yrs	0	0
2-5yrs	0	0
6-10yrs	3	27
11-20yrs	2	18
20+	6	55
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 3: Herd Ownership

How many years have you been in Herd Ownership?

	Total Sample n	Total Sample %
< 2yrs	0	0
2-5yrs	5	45
6-10yrs	0	0
11-20yrs	2	18
20+	4	36
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 4: Herd Size*How many cows do you milk?*

	Total Sample n	Total Sample %
<200	2	18
201-500	6	55
501-1000	1	9
1000+	2	18
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 5: Key Decision Maker*Are you the key decision maker on the farm?*

	Total Sample n	Total Sample %
Yes	11	100
No	0	0
Not sure	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 6: Greater Involvement with LIC and Shareholder Council if time allowed*Would have a greater involvement with LIC and Shareholder council if you had more time at your disposal?*

	Total Sample n	Total Sample %
Yes	3	27
No	5	45
Not sure	3	27
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 7: Impact of LIC's size on perception of belonging*Do you find the size of LIC has an impact on how you feel you fit in if so positive or negative?*

	Total Sample n	Total Sample %
Yes	3	27
No	8	73
Not sure	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding

Of the 3 respondents who answered 'yes', 2 stated the size of LIC had a negative impact

Table 8a: Trust in LIC

Do you trust LIC to deliver for you?

	Total Sample n	Total Sample %
Yes	8	73
No	2	18
Not sure	1	9
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 8b: Trust in Shareholders Council

Does your level of trust flow through to your trust in shareholders council to also deliver?

	Total Sample n	Total Sample %
Yes	7	64
No	2	18
Not sure	2	18
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 9: Good will shown by Shareholders Council

Have you felt that LIC shareholders council has shown good will towards shareholders?

	Total Sample n	Total Sample %
Yes	6	55
No	1	9
Not sure	4	36
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 10: Shareholders Council follow through

Do you feel that council is prepared to follow through for you?

	Total Sample n	Total Sample %
Yes	8	73
No	1	9
Not sure	2	18
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 11: Mutually favourable actions*Do you believe that mutually favourable actions take place between LIC shareholders council and LIC shareholders?*

	Total Sample n	Total Sample %
Yes	7	64
No	0	0
Maybe/Not sure	4	36
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 12: Role of trust in Shareholder engagement*Would you feel that trust has a central role in farmers' participative processes with respect to LIC and LIC shareholders council?*

	Total Sample n	Total Sample %
Yes	11	100
No	0	0
Not sure	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 13: Shareholder commitment*Does trust affect your level of commitment?*

	Total Sample n	Total Sample %
Yes	6	55
No	3	27
Maybe/Not sure	2	18
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 14: Level of trust in Shareholders Council*What is your level of trust in LIC shareholders Council?*

	Total Sample n	Total Sample %
High	3	27
Above average	3	27
Average	5	45
Below average	0	0
Poor	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 15: Emotional attachment to LIC*Do you feel emotionally attached to LIC?*

	Total Sample n	Total Sample %
Yes	6	55
No	5	45
Not sure	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 16: Viable alternatives to LIC*Do you feel that there is any viable alternatives that would allow you to leave LIC?*

	Total Sample n	Total Sample %
Yes	4	36
No	6	55
Not sure	1	9
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 17: Engagement with LIC Shareholders Council*Are you happy to engage with LIC shareholders council?*

	Total Sample n	Total Sample %
Yes	11	100
No	0	0
Not sure	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 18a: Concerned about investments in LIC*Do you worry about your investments in LIC?*

	Total Sample n	Total Sample %
Yes	1	9
No	10	91
Not sure	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 18b: Affects of concern on Shareholders Council engagement

Does this affect your engagement with Shareholders council?

	Total Sample n	Total Sample %
Yes	2	18
No	9	82
Not sure	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 19: Concern if LIC demutualised

Do you worry about what might happen if you were not able to be a member and where this would leave you and your business?

	Total Sample n	Total Sample %
Yes	5	45
No	6	55
Not sure	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 20: Shareholders Council commitment to value

Does LIC shareholders council show commitment to values that you believe in?

	Total Sample n	Total Sample %
Yes	5	45
No	0	0
Not sure	6	55
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 21: Sense of family

Do you feel there is a sense of family to LIC and LIC shareholder council?

	Total Sample n	Total Sample %
Yes	2	18
No	4	36
Partial	1	9
Not sure	4	36
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 22: Sense of belonging

Do you feel a sense of belonging to LIC and LIC shareholders Council?

	Total Sample n	Total Sample %
Yes	2	18
No	4	36
Partial	3	27
LIC, not Shareholders Council	2	18
Not sure	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding

Table 23: Fear leaving LIC & LIC Shareholders council

Do you fear leaving LIC and LIC shareholders council due to the lack of any alternatives?

	Total Sample n	Total Sample %
Yes	3	27
No	7	64
Partial	1	9
Not sure	0	0
Total	11	100

Note: components may not add to 100% exactly due to rounding