

THE FUTURE IS CO-OPERATIVE

LEARNING ON THE GO - IDENTIFYING BARRIERS AND OPPORTUNITIES FOR THE FORMATION AND DEVELOPMENT OF AGRICULTURAL CO-OPERATIVES IN AUSTRALIA



THE UNIVERSITY OF
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Learning on the Go: Identifying barriers and opportunities for the formation and development of agricultural co-operatives in Australia

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Figure 1 Photographic image supplied by Jason Apps (2021)

About the authors



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Elizabeth Makin worked as a Research Assistant on the project. Lyb is a lawyer with a background working in corporate governance, aboriginal land rights and sustainable community development. She has a Masters in Environmental Law & Policy (UNSW) and has researched the role of co-ops in creating a more equitable food system. She has worked extensively for the BCCM to produce co-operative education tools and resources as well as authored reports and manuals to support the co-operative movement.

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Co-op Education and Research at the University of Newcastle

In 2016, University of Newcastle's Faculty of Business and Law launched Australia's first postgraduate program in co-operative management and organisation. The program responded to recommendations in the Senate Economic Reference Committee Report on the Inquiry into Co-operative, Mutual and Member Owned Business in Australia (Commonwealth of Australia, 2016) that tertiary institutions include co-operatives in business and law offerings. The Graduate Certificate in Co-operative Management and Organisation (GCCMO) and an MBA specialisation in Co-operatives and Social Enterprise Management (MBA Coop) offered three specialised co-operative courses, developed in collaboration with the Business Council of Co-operatives and Mutuals (BCCM). The programs were disestablished in 2021, due to low enrolment numbers and the economic impacts of the COVID19 pandemic. More than 150 postgraduate students have completed one or more of the specialised co-operative courses.



In 2019, the Faculty of Business and Law, hosted the 14th International Co-operative Alliance Asia Pacific Co-operative Research Conference (<https://www.newcastle.edu.au/faculty/business-law/conferences/14th-ica-asia-pacific-research-conference>). Held for the first time in Australia, and organised by Dr. Sidsel Grimstad, Ann Apps and Professor Morris Altman, it attracted more than 100 co-operative researchers from the Asia Pacific Region.

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Executive Summary

This report analyses key patterns emerging from data obtained in the teaching of two courses which were part of the University of Newcastle's Graduate Certificate in Co-operatives Management and Organisation in 2018. The data set comprises student assignments and reflective reports from these courses, as well as focus group interviews held with past students in 2020.

These assignments, reports and interview records are rich in observations regarding some of the key opportunities for and barriers to co-operative formation in the Australian agricultural sector. They also indicate the value of an action learning framework to an emerging pedagogy of co-operative education.

Methodology

Findings have been analysed through the lens of institutional theory, which provides an analytical framework for understanding the key drivers and restraints for the agricultural co-operative sector. The theory identifies three institutional pillars which influence organisational behaviour - regulatory, normative and cognitive institutions (see especially DiMaggio and Powell, 1983; Scott, 2008).

In the co-operative context, institutional theory can help us in identifying and understanding both the various barriers to and opportunities for successful formation and operation. It can also serve to identify a diverse range of supportive measures that may be useful to implement to overcome such barriers. Key patterns emerging from this data (explored in sections 5 and 7) also reveal the importance of developing an approach to co-operative education that is tailored to Australia's regulatory and cultural context.

Barriers to co-operative formation

Facilitative economic regulation is critical to the success of co-operatives during the start-up phase and, ideally, should be tailored to avoid compromising the purpose, autonomy and independence of individual co-operatives. A lack of positive regulation and policy leads to the burnout of founding co-operators and limits innovation and growth in the agricultural sector.

The law currently adopts a largely top-down approach to corporate governance and work is required to articulate and develop the unique features of co-operative governance.

Regulatory cultures are impeding the development of co-operatives in the Australian agricultural sector, a trend which is exacerbated by a paucity of specialised business development and legal services that understand the co-operative business model.

Current business leadership norms favour the prerogatives of investor-owned business structures – again, work is required to articulate and develop the unique features of leadership in the context of co-operative governance.

Negative cultural attitudes persist in some communities, particularly where large co-operatives have previously failed or demutualised.

Cultural trends of isolation, competition and male-dominated leadership may be limiting innovation and diversity in some regional communities.

Opportunities for co-operative formation

Co-operative development is being bolstered by a recent increase in facilitative economic regulation designed to enable innovation and collaboration in the Australia agricultural sector. This includes grant funding schemes and subsidised co-operative education opportunities to support business planning, investment and strong co-operative governance.

Education, training and information provides cross-cutting opportunities across regulatory, normative and cultural institutions to improve regulatory cultures, policies and processes. It may also support emergent co-operative governance norms and reshape professional cultural attitudes to the co-operative business model.

Education, training and information for co-operative board members and members should be tailored to effectively build their capacity to implement the co-operative purpose, identity and principles. This is vital to strengthening co-operative norms already present in some parts of the Australian agricultural sector.

In particular, the co-operative principle of co-operation among co-operatives plays a critical role in fostering co-operative growth and development, particularly when fostered by the co-operative sector (including educational institutions).

The co-operative sector can leverage existing positive cultural attitudes and trust in the co-operative model through targeted education, training and information in regional communities where such trust needs rebuilding.

An important element of rebuilding and strengthening trust in the co-operative model is through a well-articulated narrative regarding the economic, social, cultural, ecological and personal aspects of the co-operative advantage. The role of technology will likely be critical in supporting these cultural opportunities.

Importantly also, the promotion of board diversity, including increasing the representation of local women on boards in regionally based co-operatives, can also strengthen emerging norms of co-operative leadership.

Recommendations for supporting co-operative formation

- Lobby for economic incentives and regulatory change
- Provide resources, tools, support and promote the development of co-operative networks
- Promote co-operative governance norms
- Promote the co-operative advantage

1. Introduction

Agricultural co-operatives have a long history of supporting regional economic and community development in Australia. The impacts of the pandemic and consequent economic downturn have turned a spotlight on the challenges associated with international trade, climate change and global food security. Innovative, efficient, and community-driven solutions are needed to support the agricultural sector. Co-operatives are well placed to deliver these solutions with their focus on the creation, protection and return of value to their members.

As the BCCM (2020) notes, the benefits of co-operative models for farmers, fishers and foresters include:

- Maintaining the domestic ownership of strategic food assets, thus increasing food security for Australians
- Helping to generate significant export earnings
- Facilitating independent Australian farmers to compete by providing access to markets
- Facilitating economies of scale by enabling individual businesses to jointly own and control their supply chain
- Maintaining a traditional way of life whilst providing economic growth to strengthen Australia's regions
- Spreading wealth back to farmers through produce rebates and profit-sharing

Co-operatives combine social, cultural, and economic contributions to regional development. But they require targeted support to bolster their formation and growth in Australia. The co-operative emphasis on 'concern for community' - along with a more localised focus, makes

the co-operative an ideal business model for ecological innovation and regeneration enterprises

This report examines the current barriers to, and opportunities for, co-operative formation in the agricultural sector. These barriers and opportunities are considered across three key institutional settings: regulatory, normative, and cognitive, - following the central tenets of institutional theory (outlined below in section 4). Following this analysis, recommendations are made to improve supports for co-operative formation and development in the agricultural sector.

The research underpinning this report analyses data from two specialised university-level courses in the University of Newcastle's Graduate Certificate of Co-operative Management and Organisation and delivered to students in 2018. The data sets analysed are a series of assessment tasks, including individual and group reflective tasks, that were undertaken by enrolled students, who were at the time, also participants in the formation, governance and/or management of agricultural co-operatives in regional Australia (an overview of this methodological approach and the data set is covered below in sections 2 and 3). The 2018 data is supplemented by data from focus groups which were held in late 2020 - two years after completion of the courses.

Key patterns emerging from this data (explored below in sections 5) reveal the importance of developing an approach to co-operative education that is tailored to Australia's regulatory and cultural context. Student reflections on the benefits of an action learning framework have informed a proposed pedagogy for co-operative education and recommendations are made on how to support the further development of this pedagogical approach

2. Research Project Design

The University of Newcastle developed and delivered Australia's only Graduate Certificate in Co-operative Management and Organisation during the period from 2017 to 2020. The degree comprised three specialised courses in co-operative management and organisation, which were delivered online over three trimesters.

From 2016 to 2018 a large federally funded project; the Farm Co-operatives and Collaboration Project – or Farming Together (Department of Agriculture Fisheries and Forestry, 2021) was implemented nationally to encourage farmer collaboration and promote formation and expansion of co-operatives in the agricultural sector. The program saw collaborative farming models as a way to reduce supply chain risk and improve bargaining power in an increasingly global and competitive market. The project involved a wide array of education and training opportunities, as well as tools and resources to support co-operative formation.

- As part of this program, 45 scholarships were provided to farmers and agriculture business entrepreneurs who wanted to pursue two of the specialised co-operative courses offered at the University of Newcastle during 2018; namely GSBS6411 Introduction to Co-operative Organisation and Management delivered by Dr Sidsel Grimstad, and
- LEGL 6005 Co-operative Law and Governance delivered by Ms Ann Apps.

Across both courses, the 45 students represented 28 agricultural co-operatives from Western Australia, Tasmania, Victoria, New South Wales, the Australian Capital Territory and Queensland. All students were actively involved in either

co-operative design and formation of new agricultural co-operatives or seeking to improve management and governance of existing agricultural co-operatives.

To support individual learning and theoretical content, while at the same time making the courses immediately useful and practical, assignments in both courses were focused on developing skills and knowledge in co-operative formation, management, organisation and governance. While the individual assignments focused on analysing the student's own co-operative with regards to implementation of co-operative principles, barriers to formation, opportunities and advantages of co-operative model. The group-based assignments involved the design and pre-formation of fictitious community service co-operatives in a peer to peer learning environment, including being part of a series of mock board meetings where they practised formal meeting procedures, performed various governance roles and experimented with democratic decision-making processes. They also researched various co-operative business structures and developed business plans, constitutions and disclosure statements for their co-operatives. In so doing, they learned to consider the important connections between membership and governance, along with the practical application of the International Co-operative Alliance's co-operative principles– both of which underpin co-operative design.

Consequently, student assignment tasks required students to critically reflect on both:

- the course materials in the context of their own real-life co-operative experiences, and
- their experiences with group-based, peer to peer learning and its broader application to their development as co-operators.

The individual and group-based assignments comprise rich and first-hand observations worded by the student her/himself about barriers and opportunities for co-operative formation in the Australian agricultural sector. Because

barriers experienced by co-operative entrepreneurs.

The student assignments were therefore used as primary qualitative data (Creswell, 2003) to examine the institutional barriers and opportunities for agricultural co-operative formation in Australia based on statements of lived experience of co-operative formation and governance.

students used their own lived experience when forming their co-operative, assignments revealed first-hand insights into not only regulatory barriers, but also socio-cultural (both normative and cognitive)

After initially Human Research Ethics approval was obtained, students willing to be part of the study were required to provide written consent for researchers to analyse their assignments and reflections. In 2020 focus group interview sessions were conducted two years after completion of the courses to strengthen and/or extend some of the primary research findings.



Figure 2 Photographic image supplied by Ebony Martin (2021).

3. Data and Data Analysis

The data undergoing qualitative analysis is from 21 sets of student assignments containing either one or both of the following series of assignments:

- For GSBS6411 Introduction to Co-operative Organisation and Management, assignments required students to:
 - firstly, critically reflect upon how co-operative principles influenced the design of their own, real-life co-operatives,
 - secondly, analyse the co-operative advantage relative to other business structures,
 - thirdly, individually reflect on group-based, peer to peer learning, and
 - fourthly, prepare group reflective reports on group-based, peer to peer learning.
- For LEGL 6005 Co-operative Law and Governance, assignments required students to:
 - firstly, critically reflect upon how co-operative governance can effectively balance democracy and effective strategic decision-making, and
 - secondly, prepare group reflective reports on group-based, peer to peer learning activities.

Two focus group interview sessions were conducted online (via Zoom) on Friday 9 and Saturday 10 October 2020. These sessions explored a range of topics with the participants, including:

- the progress of individual co-operatives between 2018 and 2020,
- the challenges and opportunities faced by these co-operatives,
- the benefits of co-operative education at a tertiary level, and

- ongoing educational needs for the co-operative sector.

All qualitative data was initially analysed for student observations regarding their lived experience of the barriers to, and opportunities for co-operative formation in the Australian agricultural sector. These observations were then categorised as either barriers or opportunities arising in the context of either regulatory, normative, and cognitive institutions. Across this data set, a range of key patterns emerged expressed through the assignments (Creswell, 2003). (Findings from this qualitative analysis are considered in section 5 below).

Individual and group reflective reports from both courses were then secondarily analysed for key insights regarding the use of an action learning framework as a pedagogical tool for co-operative education. Again, across this data set a range of key points emerged. (These findings are also considered in section 5 below).

Key themes emerging from the focus groups were analysed and integrated with the earlier research findings.

4. Methodology

Institutional theory provides an analytical framework for understanding the key drivers and restraints for the agricultural co-operative sector. The theory identifies three institutional pillars which influence organisational behaviour; these are regulatory, normative, and cognitive institutions (see especially DiMaggio and Powell, 1991; Scott, 2008).

Lavandoski et al. (2016, p.268-9) describe each of these three pillars as follows (emphasis added):

*“The **regulatory pillar** provides explicit guidance to organizations by means of **formal rules**, establishing accordance and compliance with the laws and, therefore, imposing **a legal framework for organizational behaviour**. This regulatory pillar exerts coercive pressure on organizations through **rules, laws and sanctions**”.*

In the Australian co-operative context, regulatory policies underpin not only the passing of new laws, but also the way that laws are administered and the priorities of the state. The state may encourage compliance with law or legislative schemes to varying degrees - according to the weight it attaches to achieving goals through behavioural change. An example, that is relevant to the co-operative sector, is the resourcing and funding directed to the government department tasked with administering the law. Administration requires sufficient funding to enable promotion of the co-operative model, along with education, supervising and monitoring for compliance.

Lavandoski et al. continue:

*“The **normative pillar** is constituted by the **values and social standards** that establish **informal rules** for organizational behaviour, conferring*

***rights, duties, privileges, responsibilities and a certain order of social actors**. The normative pillar exerts normative pressure on organizations through **values and social norms**”.*

When discussing co-operative formation and governance, norms include by-laws, meeting procedures and codes of conduct. The Co-operative Principles (International Co-operative Alliance, 2018) provide a normative reference point for the identity, values, principles and social norms that are expected from and should be adopted by co-operative enterprises.

Finally, Lavandoski et al. explain that:

*“The **cognitive pillar** refers to the cultural elements (**social rules and abstract meanings**) governing organizational behavior. This cognitive pillar exerts **mimetic pressure**, which translates into **the imitation of the models, practices or strategies**, or a combination of these, that are considered to be successful by organizations and that arise as a response to uncertainties in the environment”.*

In the Australian context, these could include negative cultural and social perceptions of the co-operative business model by business and legal advisors (or even co-operators themselves) which may prevent co-operative formation and development. Huybrechts and Mertens, (2014) found that cultural legitimacy and acceptance of the co-operative model varies across countries, and while cultural legitimacy for co-operatives is high in Europe, it may be less in Australia. Such cultural barriers may impact on the evolution of norms and regulatory practices in relation to co-operatives – a theme which is considered in the findings, below.

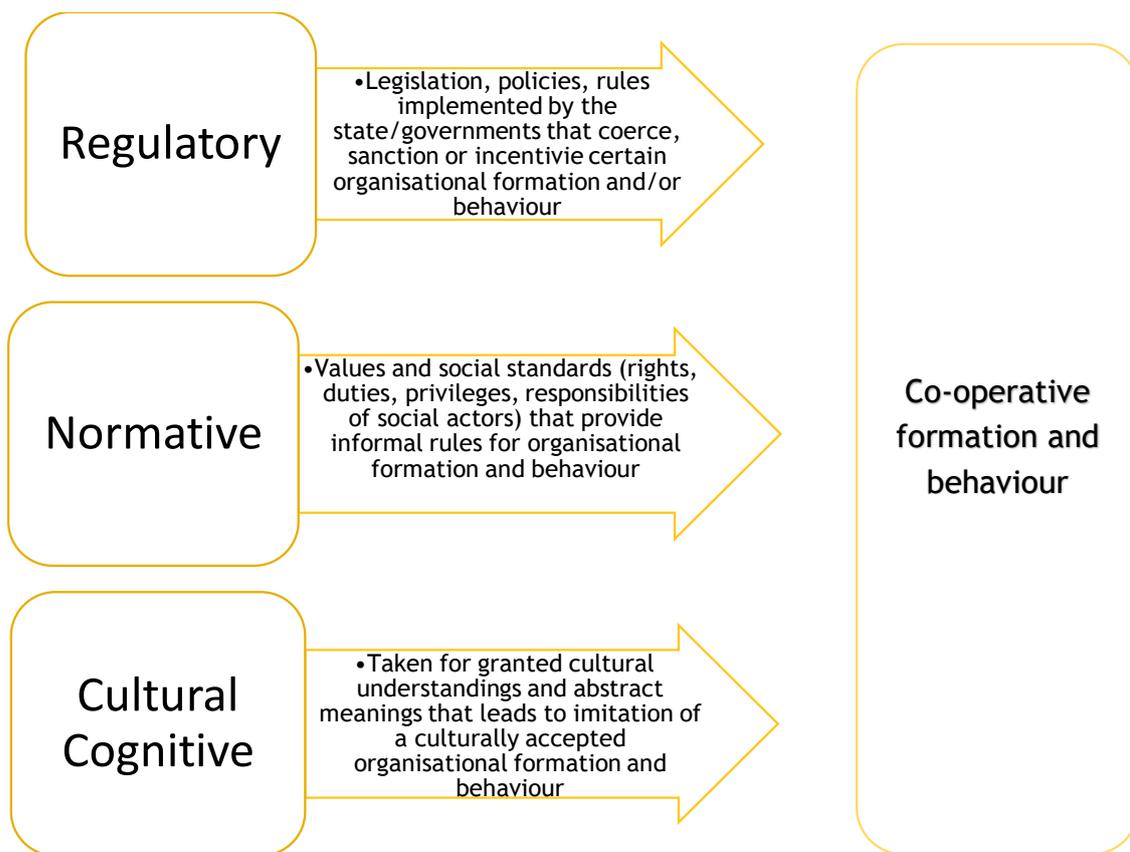


Figure 1. Three types of institutions guide organisational formation and behaviour (From Scott, 2008)

These descriptions are useful in developing an understanding of how institutions operate in practice both on and within organisations, across legal, social and cultural dimensions - and help to identify possible improvement strategies beyond the scope of regulatory reform. ***In the co-operative context, institutional theory can help us in identifying and understanding both the various barriers to and opportunities for successful formation and operation. It can also serve to identify a diverse range of supportive measures that may be useful to implement to overcome such barriers.***

This report applies institutional theory as a framework for analysis of the statements that students made about barriers and opportunities in their individual and group student assignments, reflective reports

and during focus group interview sessions. Importantly, this data set discusses students' lived experience in establishing, managing and governing co-operatives in a contemporary Australian context.

This framework also helps to distinguish between different sources of influence or pressure and this in turn will aid in the identification of appropriate recommendations. For example, some normative barriers may be overcome using legislative / regulatory measures. Alternatively, these types of barriers may require more emphasis on self-help tools and resources and sectoral support for improved governance design. Cultural cognitive barriers are more difficult to overcome as they are largely unspoken, but greater awareness can lead to tailored

strategies including information and education campaigns.

In practice, Grimstad (2011) has observed that institutions “**tend to be interrelated and internally consistent**”. Indeed, the data set analysed reveals this interrelationality - particularly between normative and cognitive institutions which shape norms of co-operation and leadership and thus either limit or promote open and participatory governance cultures. Such interrelated trends likely have a significant impact on aspects of how co-operative business and governance is implemented, and also on important elements of business development such as sustainability, innovation and diversity.

This report also draws upon the insights of regulatory theory. Whereas institutional theory seeks to explain the broader forces that guide behaviour, regulatory theory considers the effectiveness of specific regulatory tools that can be used to guide behaviour in a certain way. Regulatory theory is used here to identify regulatory and policy tools that might remove some of the barriers to co-operative formation and success.

Arie Freiberg’s (2017) analysis of *Regulation in Australia* identifies a range of regulatory tools that are used by governments and private actors to coerce or incentivise particular behaviours.

Examples include:

- regulatory overlap or conflict between competing legal systems (e.g. as might exist in a federal regulatory system)
- regulatory process (e.g. the culture and approach of regulatory bodies such as corporate registries)
- the imposition of regulatory burdens (e.g. costs of ongoing compliance)
- economic regulation (e.g. regulatory programs to incentivise certain market forces)

- transactional regulation (e.g. granting funding schemes or procurement arrangements)
- authorisation as regulation (e.g. where licensing, permits, registration, certification, or accreditation is required)
- informational regulation (e.g. where availability of information impacts choices in a regulatory context such as business structure)
- structural regulation (e.g. planning, development and environmental laws)
- command and control regulation (e.g. corporate compliance schemes)

Together, the institutional and regulatory theories outlined above provide a valuable framework for both understanding and responding to the barriers to, and opportunities for co-operative formation in the Australian agricultural sector.



Figure 3 Photographic image courtesy of Jason Apps (2021)

5. Findings

The use of an institutional framework when undertaking qualitative analysis of the data provides a way to distinguish between distinct types of barriers that may lead to a certain behaviour. The findings may also point towards areas where there is a relationship between regulatory, normative, and cognitive institutions. This means that some findings will be present across multiple categories and reflects that the way they are framed by students or groups does not necessarily fit neatly into one category but may overlap with more than one type of institutional driver.

5.1 Barriers to co-operative formation

This section analyses the students' experience with the process of co-operative formation, to identify the institutional forces that are limiting opportunities for co-operatives in the Australian agricultural sector.

5.1.1 Economic regulation and policies

An overwhelming finding across the data set relates to ***the critical importance of facilitative economic regulation in the form of policies that provide not only government funding, but also supportive resources for co-operatives during the start-up phase.*** As one student summarised:

“the biggest barrier to progressing [the co-op] during its start-up phase is lack of resources.”

Several students were concerned that seeking direct government funding might impact on their co-operative's ***autonomy and independence.*** In some cases, the co-operative had to compromise its autonomy and independence to get through the start-up phase. Some students considered that adjusting the strategic direction to meet the funding requirements was an unavoidable part of seeking external grants

and were not so concerned that it compromised the co-operative's autonomy as far as day to day management was concerned.

Other students compared the general lack of regulatory support for co-operative business in Australia to the experience of agricultural co-operatives overseas in countries like the United States and United Kingdom, where farmers enjoy greater levels of collaboration and support from government, university and not-for-profit sectors.

Focus group participants reported that two years on there was still **a need for external funding and support**. During the pre-formation and formation phases in a co-operative's life cycle, a lack of adequate funding and start-up resources has been observed to result in **the burnout of founding co-operators**. These findings were confirmed during the focus group interview sessions, with several participants commenting on the direct relationship between a lack of funding, volunteer burn-out and impeded business growth.

In many cases, the founders are volunteers who are working in a governance or management capacity to support initial co-operative development, while also running their own farming businesses. Inevitably, as one student reflected, volunteering is not sustainable, and the lack of resources impeded the continued development of their co-op during the start-up phase.

Students also identified the role of both policies and social norms when they suggested that **the business culture assumed that co-operative boards and early management was to be done through volunteerism**. When there is a low level of co-operative governance experience, this limits the knowledge capital available for effective business development. Co-operative law also limits remuneration for board members and requires that director remuneration is approved by the members in general

meeting, which may pose a challenge for new boards.

Students who had experience as board members noted that

"[t]here is a tendency for farmers, to undervalue the work and contribution required on a successful board and attracting skilled people to the board for little or no remuneration is difficult".

A co-operative is unlikely to get government financial assistance unless its core activities align with a government priority area. However, there is a concern that the government may not appreciate the unique nature of the co-operative model, which allows for surpluses to be used for the benefit of local communities e.g. through regional innovation or job creation. Two years on, several focus group participants commented on the need for a ministerial "champion" for co-operatives prepared to fight for an improved policy environment and to assist the co-operatives to source funding for business development.

These findings highlight the significance of access to funding or other sources of capital particularly at the start-up phase of the co-operative enterprise and the need for a favourable policy environment and governmental support to enable this to happen.

5.1.2 Regulatory contradictions

Another pattern emerging from the data relates to the contradictions inherent in co-operative law. Although the co-operative principles are recognised, and principles 1, 2 and 3 are mandatory requirements for co-operatives formed under the *Co-operatives National Law* (CNL), several students described **the law as adopting a largely top-down or hierarchical approach to corporate governance**, that is consistent with the regulation of companies in

Australia. This tends to blur the distinction between the two models, as there is an emphasis on a corporate style of governance which may contradict adherence with the co-operative principles. There was evidence that some **students experienced a disconnect between co-operativism and co-operative governance frameworks established under Australian law**. Students noted that this issue becomes more evident as the co-operative grows and its decision making becomes more complex.

A similar issue considered was the distance between management and members. The larger the co-operative, the greater the distance and the greater the risk that the board and management will begin to behave like a for-profit company. In the absence of clearly developed norms of co-operative leadership, it is not surprising that some students had doubts about the effectiveness of co-operative governance:

“maybe a co-op with a homogenous board [of predominantly farmers] is not the most efficient way to make [important business] decisions”.

These observations point to the need for ongoing critical reflection about the unique features of co-operative governance, and how these features could become more deeply embedded within Australian co-operative law. They also highlight the importance of recognising the relationship between regulatory and normative institutions.

5.1.3 Lack of knowledge about co-operatives

Another pattern emerging from the data related to a lack of information about co-operatives and the co-operative business advantage. Freiburg (2017, p.331) points out that “information asymmetries are amongst the major causes of market failure”. In such cases, informational regulation “operates to empower

consumers by enhancing the information available to them and thereby improving their decision-making capacity” (ibid). In this specific regulatory context, informational regulation may take the form of information campaigns about the suitability (or even availability) of the various corporate models.

Until relatively recently there has been a lack of information, guidelines and governance codes that are specifically designed for co-operatives about their legal identity under Australian law. As these findings indicate, **limited regulatory support for farmers looking to make informed decisions about co-operative business structures is currently impeding growth in the Australia agricultural sector**.

Many students commented on this information deficit being further exacerbated by a **paucity of specialised business development and legal services that understood and/or valued the co-operative business model, particularly during the establishment of an initial governance structure**. Importantly, a lack of information and advice during this early stage may lead to poor business planning and drafting of core provisions concerning active membership and share capital.

Two years on, one focus group participant shared their experience of working with business advisors with limited experience of the co-operative model in developing a governance structure aligned to the needs and purpose of their co-op:

“We... received advice that we should look at a skills-based board and we should actively recruit... an accountant and a lawyer onto our board - because that’s what you do”.

This example points to the need for better information to support regulatory processes for co-operative formation and growth, particularly to overcome potential information asymmetries between lay co-

operators and professional service providers.

Another problem identified was that, during their development stage, many new co-operatives were not aware of the importance of articulating a clear **member value proposition, in order to attract membership and grow the business** – an issue which may have been overcome with initial business planning support.

These examples show the interrelationship between regulatory and cognitive institutions. Regulatory practices, including an absence of policies to support a better understanding of the co-operative business model, are underpinned by cultural understandings of the model's legitimacy (Huybrechts and Mertens, 2014). Such attitudes affect other aspects of co-op formation and are discussed in more detail as cognitive institutional barriers, below.

5.1.4 Norms that negatively impact on co-operative strategy and governance

Normative institutions were specifically found to be a barrier to co-operative performance due to **the presence of leadership norms that are infused with the prerogatives of investor-owned business structures**. Many students commented on **a perceived tension between member-driven governance on the one hand and strategic business decision-making on the other hand**. For example:

“The expectation of board members to represent members’ interests at the same time as possessing the skills and expertise to direct the organisation is perhaps most difficult during the start-up phase for co-operatives”.

Of course, this issue is not confined to the start-up phase. One student from an established co-operative also pointed to **the need for ongoing advice and support around aligning strategic decision making and promoting member value**. Another student reflected that **the homogeneity of**

co-operative boards may enhance democratic outcomes but may also stifle innovation:

“The board is very homogenous and decision making has at times been stubborn and awkward, particularly in relation to building its own brand. There is an obvious lack of marketing and sales skills:”

Many students also shared their experiences of **perceptions by business advisers and funding bodies about the poor suitability of non-professional boards for business** as an indicator of current leadership norms.

In **the context of newly formed multi-stakeholder co-operatives, a perceived norm of self-interest was described as a potential barrier to the long-term sustainability of co-operative business structures**.

“The challenge (or opportunity) is how to connect the broader membership from the two groups and how to foster ownership of [the co-operative’s] purpose with each member”.

Whether real or perceived, these normative barriers to co-operative formation suggest that **an absence of co-operative specific education, training and information may perpetuate norms that are more reflective of an investor-owned company culture**. In one co-operative in this study, this issue has expressed itself **as a general lack of understanding of the active membership requirements of the co-operative, resulting in poor member economic participation in the business** – but one that has been underpinned by the board's previously limited understanding of its role in supporting this participation.

These findings reveal **that co-operative governance tends to be shaped by more ‘companised’ leadership norms**. Despite the role of these normative forces in shaping contemporary Australian business cultures, the students' reflections also

portray a growing optimism about emerging co-operative leadership norms which artfully balance the simultaneously outward (i.e. profit-driven) and inward (i.e. social and economic goals of members) looking focus of co-operative business models. These norms will be further co-operative development and growth, several focus group participants agreed that **more targeted support of small start-up co-operatives in particular (e.g. by representative bodies) is required to clarify and strengthen co-operative norms of leadership and governance.**

5.1.5 Cultural attitudes towards co-operatives

As discussed above, culturally driven cognitive barriers to co-operative formation in the Australian agricultural sector are likely to be symptomatic of a lack of information and education about co-operative business structures more generally. Several students (and two years on, as focus group participants) reflected on experiences in their wider communities in which **co-operatives were treated with distrust and even suspicion by external stakeholders or potential members, particularly in communities where large co-operatives have previously failed or demutualised:**

benefit of the current members but also for the next generation does cause conflict within the current members”.

In addition to these issues, there is **a concern that new members may seek to control the business or cause conflict.** Although new members may change the democratic dynamic within a co-operative, **more work is likely required to build co-operative cultural competencies in the areas of long-term and democratic decision-making processes, and conflict resolution.**

In some rural and regional contexts, however, co-operation and collaboration

explored further in our consideration of the role of normative institutions in promoting co-operative opportunities, below.

When reflecting on the interrelationship of these regulatory and normative barriers to

“...hybridisation and demutualisation has perhaps had a negative impact on co-operative identity... General observation shows that graziers in [one regional community] aren’t overly positive about co-operatives so this could be a considerable challenge”.

One focus group participant shared their experience of **a continued culture of scepticism toward co-operative business models** and the related risk averse approach of the farming communities in which their co-operative is seeking but failing to attract new members.

In some communities, however, **a culture of exclusivity within the co-operative itself** – such as not wanting to share the benefits of initial hard work and investment with new members - is a potential barrier to ongoing co-operative development and regeneration.

“...the idea that co-ops should manage the business not only for the

may also be challenged by **a culture of isolation, self-reliance and independence.** The findings suggest that this is also likely true of new co-operative members and board members who have business experience as sole operators or company directors and are more acquainted with **competitive rather than co-operative business cultures.** For example:

“A challenge for graziers in [one regional community] is that throughout history, self-reliance and independence have been valued traits. It is acknowledged that lack of co-operation in rural Australia has resulted in graziers becoming isolated price takers”.

A further cognitive barrier relevant to co-operative formation relates to ***a cultural predilection towards homogeneity***. In some co-operatives, for example, ***male-dominated leadership cultures were observed to play a strong role in determining board composition and decision-making in some co-operatives***. Two female-identifying students commented that, despite having current roles in co-operative leadership, they felt limited in their ability to participate meaningfully in co-operative governance because of these dominating decision-making cultures. Although not present in all co-operatives, ***this cultural predilection can undermine both diversity and innovation where it does exist***. In rural and regional communities facing both economic and demographic decline, this is an especially pertinent concern.

As one focus group participant reflected, engagement with a geographically diverse

and rurally based membership, which traditionally prefers face to face communication, had proven challenging despite the increased use of online communication technologies by the co-operative.

Such cultural tendencies reveal the ongoing tension between conservatism and progressivism in regional economies. While perhaps more subtle in their effects than the regulatory and normative institutional barriers described above, awareness of these cognitive barriers is valuable when devising effective, practical strategies for increased co-operative formation in Australia.

An understanding of these barriers thus serves to highlight a wider range of potential opportunities for co-operative futures (section 5.2 below) and make recommendations that leverage these opportunities (section 5.3 below).



Figure 4 Dairy herd with farmers [photograph] retrieved on 13 February 2021 from Word stock image library.]

5.2 Opportunities for co-operative formation in Australia

As the preceding discussion has indicated, the recognition of institutional barriers to co-operative success lends itself to the identification of correlative institutional opportunities.

The following analysis builds upon student experiences of co-operative formation to consider the institutional forces that are fostering sustainable and member-owned economic opportunities in the Australian agricultural sector.

5.2.1 Economic incentives through regulation

An important opportunity identified by the data is **the role of facilitative economic regulation through incentives such as grant funding schemes in supporting and fostering innovation in the agricultural sector more broadly.**

Several students emphasised **the critical importance of the federally funded Farming Together program in providing initial grants for start-up activities such as business planning and formation, along with governance and business support for established co-operatives.** For example:

“[the co-operative] is fortunate to be evolving in a current climate where Australia now has national legislation for co-ops, a national peak body (the BCCM), and the federal government’s Farming Together program that has invested nearly \$15 million in education, support and marketing for agricultural co-ops”.

These findings were strengthened by the reflections of focus group participants – all of whom agreed on **the critical role of the Farming Together program in providing subsidised tertiary education for co-operative leaders and the role this has played in co-operative development.**

As several focus group participants

concurrent, two years on, the continued development of successful co-operative business enterprises is strongly underpinned by the presence of funding to enable either the payment of wages to support sustainable business planning and development, to foster technological innovation or foundational infrastructure investments and to minimise the challenges of volunteer burn-out.

The implementation of well-designed policy and incentives can also strengthen the co-operative sector as a whole by promoting co-operation among co-operatives. As one student shared:

“Since the launch of the Farming Together program, [the co-operative] has shared information and worked with several existing and potential co-operatives to provide information on the lessons learnt over the year the co-operative has been in place”.

Critically, and as has been raised above, these regulatory initiatives are valuable to the extent that they do not negatively impact upon the autonomy and independence of the co-operative. As one student shared, **greater awareness of the value of autonomy and independence within the co-operative sector can support stronger outcomes for co-operative businesses:**

Ultimately, as several students observed, support in the form of funding for agricultural co-operatives is vital to fostering long-term innovation throughout the sector. In this regard, there is **a considerable opportunity to promote the co-operative advantage in order to secure better forms of funding and resources.**

For example, one student discussed the role of their co-operative in experimenting with agricultural techniques with climate adaptive and regenerative capacities:

“In order to successfully develop these farming practices, it may be necessary

to experiment over successive years without financial return. Since co-operatives can take 'a long term view of community needs unburdened by the need to generate short-term profits' [quoting BCCM] they are better placed than the private sector to facilitate this experimentation at greater cost efficiency than through the public sector".

Given their naturally innovative approach, co-operatives are well-placed to take advantage of recent reforms that create new opportunities for small-scale, impact investment. For example, one student shared their experience in leveraging recent clarification of laws for crowdfunding to grow their agricultural business:

"The [co-operative] has recently completed a crowd-funding campaign with the dual aim of attracting members and raising start-up capital. This will avoid the need to raise capital from outside investors."

As this data indicates, supportive regulatory policies and incentives can facilitate sustainable economic development within the Australian agricultural sector – this can likely be cost-effective for governments where there is a strong appreciation of the unique advantages offered by co-operative business structures.

5.2.2 Skilling-up professional service providers

As discussed above, well-designed funding programs can increase flows of information and professional services to co-operatives in the Australian agricultural sector. There is an ongoing opportunity to build upon the good work currently being done to support the expansion of specialised business, legal and governance support for co-operative and mutual enterprises. A strong theme emerging from the focus group interviews

is the central role of strong co-operatively focussed business planning, governance and legal support in enabling co-operatives to grow and develop beyond the start-up phase.

Education, training, and information thus provides cross-cutting opportunities across regulatory, normative and cultural institutions to improve regulatory cultures, policies and processes while also enhancing co-operative governance norms and reshaping professional cultural attitudes towards the co-operative business model.

Regarding the use of information regulation, Freiberg (2017, p.343) explains that:

"Advice, education and training can be used to provide information about the existence of regulatory regimes and their operation, about the appropriate behaviours, procedures or outcomes desired, about the existence and application of relevant codes of conduct and about the social purposes behind the particular regulatory regime".

With uniform or consistent co-operatives legislation finally in place across Australia, ***regulatory efforts to explain and operationalise the co-operative principles can enable effective co-operative design and promotion of co-operative governance norms.*** In this respect, it is important for the co-operative rules to give life to the member-centric nature of co-operative governance, and the co-operative principles – and for this to be incorporated into the co-operative's everyday practices. In their written assignments, several students described the importance of building these principles into their constitutions and cultures to strengthen their businesses:

"The internationally agreed seven co-operative principles must be applied to the governance of a co-operative to allow directors and

executive to be able to meet the need of the members. “

This embedding of the co-operative principles into a co-operative’s governance framework can strengthen the co-operative advantage in the wider economy by reducing transaction costs to members.

A student (from an established and successful agricultural co-operative) shared the value of education, training and information as a primary business activity:

“In horticulture today, the requirements are greater than ever for compliance and the co-operative not only provides information and training but also takes on much of the regulatory burden and certification required to service major retailers”.

With these points in mind, ***there is an opportunity for both regulatory bodies, for example State and Territory based registries, and peak representative bodies to develop education, information and training programs and resources that emphasise the role of law and governance design in shaping a co-operative’s identity.*** Such programs and resources are an important measure to counteract the limited availability of tailored professional services for the co-operative sector. Even where available, these services may be too expensive for start-up co-operatives. When compared to other business models there has been a systematic lack of attention given to the co-operative model by both federal and state government business advisory services.

While education, training and information have a normative/cognitive function, the key point is that government policies prioritise the distribution of resources available to government regulatory agencies to strengthen normative institutions (conversely, a lack of resources may weaken normative institutions and influence the behaviour of those who are

seeking advice about a suitable business structure).

While the BCCM has worked hard to remedy this gap and to fill some of the need in this area, the lack of information about co-operatives as a mainstream alternative, remains as a significant barrier to the formation of new co-operatives.

5.2.3 Improve board capacity and understanding of good governance

Building upon these insights, a range of normative opportunities emerged strongly across the data set and reinforce the importance of education, training and information discussed above.

Tailored ***education, training and information for board members and members that build capacity to implement the co-operative purpose, identity and principles is vital to strengthening the norm of co-operation already present within the Australian agricultural sector.*** Although the recruitment of professional or independent directors may be useful in some instances, a capacity building approach across the co-operative sector can enhance the continual improvement of co-operative leadership while also maintaining a strong focus on member value. Students noted that instead of appointing independent directors, there was value in upskilling the founding directors to increase the organisation’s governance capacity and ensuring that leaders continue to embrace the co-operative principles and values as the business grows.

Indeed, the observations of several focus group participants strengthened these findings whereby they ***described the important role of both their tertiary co-operative education and support and advice from the wider co-operative sector, in maintaining strong co-operative leadership cultures.***

As a consequence of this approach, their co-operatives have chosen to focus on

building internal capacity, supported by an advisory board structure from a wider co-operative network developed in the course of various members' co-operative education. Investment in education, training and information for members and board members can thus help to ensure ongoing participation in co-operatives and increase the overall capacity of regional communities to withstand economic fluctuations.

Additionally, subject matter specific education, training and information can also open up new areas of business opportunity for co-operatives, and points of differentiation within the marketplace. As several students commented, such **capacity building can drive sustainable entrepreneurship in more isolated regional communities.**

On this point, several students emphasised the barriers to new agricultural businesses posed by increasing land values, geographic distances, and ageing populations. Despite or perhaps in response to such barriers, **innovative approaches, which embrace new technologies, can attract new members and increase opportunities for business development.** Support for such approaches can optimise co-operative growth and reduce ongoing reliance on government subsidies and support. The pooling of resources can enable growers to access new technologies and systems that would be out of reach of independent growers.

Importantly also, **co-operation among co-operatives can support new co-operatives at start-up and build a stronger norm of co-operation, particularly within local economies.** This is also true of **multi-stakeholder co-operatives, which can achieve mutually beneficial outcomes** for primary and secondary producers, consumers, and workers alike. As one student explained, in their multi-stakeholder co-operative:

“the advantage for grower and consumer members is interdependent

and the growth of one will result in the growth of the other”.

Students also noted that closer proximity to consumers (primarily for producer co-operatives, but also for those multi-stakeholder co-operatives with producer and consumer members) may also enable more ethical business decisions, in response to consumer demand. Co-operatives can achieve economies of scale appropriate to the needs of their members and, where necessary, set aside surpluses to better withstand fluctuations in agricultural production. The collective voice of farmers working together may lead to better decisions in the long-term with consideration of market fluctuations, for example more diversified product offerings.

On the issue of market failure, **several students emphasised the role of the principle of concern for community in ensuring localised decision-making,** which is critical in the context of issues such as climate change and ecological degradation.

For example, one student shared that:

“[the co-operative’s] vision and mission pointed to market failure in terms of the inability of government (public sector) or investor owned business (private sector), to recognise and foster positive ecological outcomes from regenerative farm management practices”.

In addition to these types of benefit, the active member (versus passive shareholder) focus of co-operatives leads to **a different style of board and management decision-making.** This style enables decisions which have a longer-term focus, and which prioritise regional communities over economic efficiencies. **This emerging norm of co-operative leadership, underpinned by the co-operative principles fosters intergenerational health, wealth and wellbeing,** and overcomes the short-

termism of so-called 'boom and bust' driven regional economic planning:

"Co-operatives have a strategic, long-term and intergenerational approach – this is critical in agriculture where rural succession in family businesses is a significant challenge. This long term approach is beneficial for rural and regional towns that may be impacted by the fluctuations of mining".

Put simply, the promotion of a co-operative approach can strengthen ethical norms of business behaviour by aligning the economic and social interests of members.

The findings explored in this section point to the central role of the co-operative principles in supporting strong co-operative leadership norms including long-term, community-centred, and localised decision-making practices. In so doing, **this data highlights education, training, and information on these issues (as core components of the co-operative advantage) as a key normative opportunity for co-operative formation in the Australian agricultural sector.**

5.2.4 The promotion of and support for co-operation among co-operatives

Although present in the primary data set, an especially strong theme explored during the focus group interview sessions is **the importance of co-operative among co-operatives in fostering co-operative growth and development.**

Interestingly, in several cases, the networks formed during tertiary studies have evolved to provide both informal and formal advisory and support structures for new co-operatives – particularly where there is a diversity of experience and skill sets. For example, as one participant (an executive officer for their co-op) shared:

"...if I get stuck on anything, I just give [names of other leaders in the co-operative sector] a ring and... they'll

give me a hand at what we're doing.... So, networks are a huge thing for the co-op... and I don't know how anybody gets away without them".

Another focus group participant paid tribute to **the already strong culture of practising co-operation among co-operatives present within the co-operative sector:**

"... the other co-ops have actually reached out to us as the... baby on the block. And we've had [CEO] from [large producer co-operative] and [another CEO] from [another large support co-operative] and [another large producer co-operative]... they've got retail stores... They actually all rang us up and said, you know, if you need a hand, just yell out..."

For several of the focus group participants, these networks have been critical during periods of potential growth, where the collective benefits of potentially risky business decisions – such as member investment into shared processing infrastructure - have required strong business planning and communication. In such cases, co-operation among co-operatives can support agility within small co-operatives, and an ability to innovate consistent with a co-operative's vision - and thus focus less so on the best opportunities for short-term dividends, as is consistent with a corporate imperative. In this respect, **the centrality of member interests present in the co-operative model lends itself to a more localised focus and thus interconnections between similarly minded co-operatives** – an attribute of the co-operative model worthy of greater promotion by the sector.

As a final point, this data demonstrates the already strong presence of co-operative business cultures that value the sharing of knowledge, information, time and resources for the collective strength of the sector.

5.2.5 Building positive cultural attitudes and trust in the co-operative model

In response to some of the cognitive barriers outlined above, opportunities also exist in the form of **education, training and information to rebuild trust in the co-operative model, particularly in regional communities where larger co-operatives have demutualised or otherwise failed to create sustainable member value.** The promotion of co-operative success stories can support this work, along with clear understanding within the co-operative about various benefits of membership – and the unique points of difference a co-operative business structure provides.

As one student discussed, **a culture of awareness about these benefits can improve attitudes about member-owned businesses:**

“Engagement with external stakeholders should be practiced by all co-operative members, not just the board. If every member of a co-operative is able to tell someone why they are a member, the co-operative has succeeded in the principle of engagement”.

In another student’s experience, **this culture of awareness was already present in their community** and had already successfully led to co-operative formation:

“Governance of co-ops... played a part [in the decision to form the co-operative] as it was perceived that growers would trust a co-operative with their money more than a private company”.

As one focus group participant shared, knowledge of co-operative business structures can increase trust in the model and opportunities for co-operative business structures:

“[whenever we go to speak to people, we always tell them what the co-op’s doing and then we asked what they would like and... for farmers, that’s great. Farmers love that”.

5.2.6 Understanding the co-operative advantage to further strengthen trust in the model

Building on this last theme, an additional range of opportunities are present in understanding the unique aspects of the co-operative advantage. These opportunities are immediately identifiable as cultural in that they might serve to further strength trust in the co-operative model but may also lead to an increase of co-operative norms in business and, with time, various regulatory improvements.

One such advantage emerging from the data was that **a strong co-operative culture that fosters the active participation and engagement of its membership can build a new generation of co-operative leaders.**

“Future executive officers/senior management should be selected, inducted and educated on the co-operative messages, values and principles... [the co-operative] can connect its members by creating a culture of connectedness and openness.”

As these findings reveal, an **open, transparent, and communicative culture** (especially within the co-operative) is vital to its success. Flowing from this point, a more engaged membership is considered to lead to better long-term decision making, in the interests of both the co-operative and the local economy in which it operates. As explored elsewhere in this report, for co-operatives operating across regional Australia, **the role of technology is also crucial in supporting these open, transparent and communicative cultures.**

Importantly also, **the promotion of board diversity, including increasing the representation of local women on boards in regionally based co-operatives, can also strengthen emerging norms of co-operative leadership.** Two students noted that while traditionally in farming co-operatives, the boards tend to be all male, reflecting the farmer membership, the

female half of the partnership was often an untapped skill base. Many of these women have previously had professional careers in areas including marketing, management and policy development. Engaging with them has enabled new skills to flow into board and sub-committee roles.

As a final point, a further theme that emerged during the focus group interview sessions, and which is important to highlight here is ***the personally rewarding nature of involvement in co-operatives***. On this topic, all focus group participants were unanimous in the sharing their joy at being involved in organisations that can achieve the social and economic goals of their members – whether it is to promote sustainability, local economic development, promote innovation or social justice – in their respective communities.



Figure 5 Photographic image supplied by Jason Apps (2021)

As one participant shared:

“The thing that’s rewarding for me is that in terms of my view of the world, I’m working on something that I think is fantastically important and valuable... I’ve learned so much. I’ve met some lovely people”.

As with regulatory and normative areas of opportunity discussed above, ***it is likely that education, training and information is key to both unlocking and promoting these cultural elements of co-operative success, and to facilitating greater uptake of the co-operative model in regional Australia***. Indeed, education is a core theme of this report and it will be considered below in the recommendations and then explored further in the following sections, which develop a pedagogy for co-operative education.

6. Recommendations

The following recommendations are made in response to the key findings emerging from the data set. They do not constitute a comprehensive series of recommendations for regulatory reform; rather, they provide a framework for overcoming key barriers to co-operative formation in the Australian agricultural sector – and to leveraging current opportunities in this context – as experienced by this particular student cohort of co-operators. As with the findings set out above, these recommendations are very much interrelated and mutually supportive.

Ongoing research in this field, in the form of longitudinal trend analysis of experiences with co-operative formation processes can support the making of more extensive recommendations to this end.

Recommendation 1 – Lobby for economic incentives and regulatory change

Recent government support for co-operative formation and development in the Australian agricultural sector played a critical role in the success of several newly formed and established co-operatives considered within the data set. A longitudinal study into the value produced by co-operatives who were successfully incubated by the Farming Together program may produce data that supports further government investment in these sorts of initiatives in future.

As the data reveals, the co-operative business model remains lesser known in the Australian business context than the company model. As such, the co-operative model does not permeate legislation, government guidelines and incentive programs favouring regional economic development more broadly.

Australian co-operatives also must deal with the issue of regulatory overlap. The CNL has taken more than 8 years to achieve its goal of regulatory uniformity among the states and territories. In an era when most business enterprises are registered at the national level, the lack of attention to the state and territory based co-operative model is not surprising. But it does mean that there is a lack of resource allocation to the co-operative registries, who have a role to play in providing resources to assist co-operatives at the formation stage. The state and territory based regulatory system for co-operatives is also often overlooked when other related business policies are formulated. These may also impact on the availability of grants and funding to encourage co-operative formation. The impact of policies acknowledging the importance of the co-operative sector, such as the Farming Together program, is highlighted by the reflections of these students.

Recommendation 2 – Provide resources, tools, and support for the development of co-operative networks

Improved education, training and information regarding the co-operative business model can support effective co-operative formation, for example to guide the drafting of constitutions and disclosure statements required by law and business planning. This can incorporate key insights regarding emergent norms of co-operative governance and the co-operative advantage in specific economic contexts (see below). If not adopted by regulatory bodies (e.g. registries), information asymmetries can be overcome by the co-operative sector itself, in the form of self-help resources and online tools.

Education, training, and information, e.g. through tailored co-operative education for members and board members can overcome ‘companied’ governance norms that may lead some co-

operatives to rely on executive management teams or independent directors who do not have a solid understanding of the co-operative model and how it diverges from the company model. Programs that support the 'up-skilling' of existing members who are keen to be involved in co-operative governance should be an integral part of co-operative governance design. The benefits are not limited to that co-operative, as a skilled co-operative board member, may eventually be suitably qualified to act as an independent director for another co-operative, particularly as norms of co-operative governance continue to emerge and take form.

Education programs that are designed by the sector and for the sector, can also strengthen the normative and cognitive institutions that support co-operatives. The networking and peer to peer learning that happens in education and training generally is well documented. But this sort of learning has additional benefits for the co-operative sector, as it enables collaboration and promotes skill sharing between co-operatives, which are important prerequisites for co-operation among co-operatives. The lack of operationalisation of this co-operative principle in Australia may be in some part caused by a lack of opportunities for co-operatives from different sectors to come together and share knowledge and skills, in the way that they do in a tailored education program.

Recommendation 3 – Promote co-operative governance norms

The 2018 student cohort were part way through the LEGL6005 Co-operative Law and Governance course when the BCCM released the first edition of its *Co-operative and Mutual Enterprise (CME) Governance Principles – incorporating recommendations, guidance and commentary*. Their assessment task for this course allowed them to compare the existing ASX Corporate Governance Code or the AICD Governance code for not-for-profit businesses with their understandings of co-operative governance. Later iterations of the course have embedded the BCCM's *CME Governance Principles* into the course and assessment. This code has normative force in helping co-operative business managers to understand how governance principles influence the strategic direction of the co-operative.

As the findings from the data set suggest, emergent co-operative governance norms include:

- Leadership practices that prioritise co-operation among co-operatives (and between different member groups in multi-stakeholder co-operatives) as a core component of business development.
- Leadership practices that promote collective decision-making and the active participation and engagement of members in strategic business decisions.
- Decision making practices which integrate the social and economic goals of members with traditional profit-driven decision making, particularly through clear articulation of the member value proposition.
- Decision making practices which are underpinned by the co-operative principle of concern for community and thus foster intergenerational health, wealth, and wellbeing.

These emerging norms serve to distinguish co-operative business practices from more 'companised' models of governance.

A good understanding of CME governance norms is important, not only when the co-operative is up and running, but also at the formation stage, as it is at this point that governance design occurs. Good governance design can lead to increased member economic participation in new co-operatives, but also lay down a solid foundation for the board and a system for clear and transparent reporting to its members. An understanding of co-operative risk management as distinguished from corporate risk management is also critical at the formation stage. There is room to build new educative tools to supplement the *CME Governance Principles* – including

tools that help to evaluate risk in a co-operative setting, decision making tools for participatory governance models, member value impact reporting frameworks and skill mapping for co-operative board nominees.

Skill mapping for boards in the context of an improved understanding of co-operative governance norms can also enhance the identification of skills and experience, beyond those skill sets traditionally considered valuable in corporate governance settings. Appropriate recognition of 'soft skills' that are so important for collaboration can lead to improved board diversity, leading to improving the overall capacity of the co-operative to innovate and adapt (see more on this, below, in sections 6 and 7).

Additionally, targeted promotion of co-operative governance norms can improve cultural understandings of and attitudes towards the co-operative business model, particularly within professional and business communities.

Recommendation 4 – Promote the co-operative advantage

The findings note that in some communities there is distrust of the co-operative business model, potentially exacerbated by the 'failure' or demutualisation of large co-operatives in some regional communities. Negative attitudes or co-operative 'cringe' may also be an issue in professional contexts, and a lack of understanding of the co-operative business model may exacerbate these attitudes.

The co-operative sector therefore needs to pay attention to the role of cultural cognitive institutions and find ways to counter these, where they exist. Education and training play an important role, as discussed above. But information and communication are also key to influencing cognitive change. One of the obvious 'takes' from the student group, was the power of narrative. Case study examples can help people see, touch and feel the co-operative experience.

Examples of the key aspects of the co-operative advantage encountered in the data set – that can be exemplified in case study vignettes include:

- Innovative thinking which enables experimentation with new farming practices and food systems design.
- A tendency towards collaboration and diversity – and, potentially, greater social cohesion in regional communities.
- Economic efficiencies through the sharing of infrastructure, knowledge and other assets.
- Long-term thinking in decision-making which promotes the multi-generational interests of agricultural communities.
- Multi-faceted decision-making which integrates the social, cultural, ecological and local economic goals of members.
- Replicability (versus scalability) of the co-operative business model to suit the needs of local economies and communities.
- The personally rewarding nature of working within a co-operative.

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