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Finnish Co-operative Movement 110 Years: Celebratory
Conference
Helsinki
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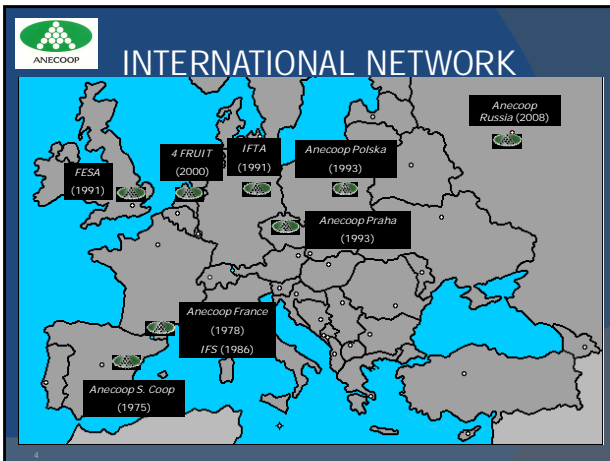
**COOPERATIVE GOVERNANCE
ADJUSTMENTS TO A
CHANGING GLOBAL
ECONOMY**

Globalization of Food Trade

- z Globalized retailing industry
 - Wal-Mart
 - International networks
 - Category Management
- z Market power has shifted to the retailing industry
- z Food processors either joined together or increased their size
- z Cooperatives have been obliged to follow the development

Cooperative Ways for Responding to Internationalization

- z Sales offices and processing plants



Cooperative Ways for Responding to Internationalization

- z Sales offices and processing plants
- z Licensing

Sunkist



Licensed more than 600 brands in more than 45 countries

Cooperative Ways for Responding to Internationalization

- z Sales offices and processing plants
- z Licensing
- z Multi-national companies

Multi-National Cooperatives

Fonterra



Works at present in 120 markets

Both sales offices and manufacturing plants

Friesland-Campina



Challenges for Cooperatives' Internationalization

- z Increased need for capital
- z More heterogeneous membership
- z Competition between cooperatives
- z Varying organizational forms

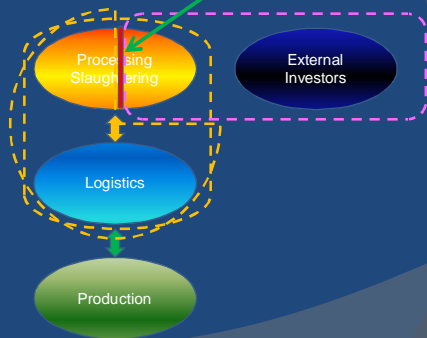
Increased need for Capital

z Cooperative members are not eager to finance their cooperatives

➔ Varying arrangements to get external capital

HK Scan

Who decides how much will be paid to Investors and how much to the Members?

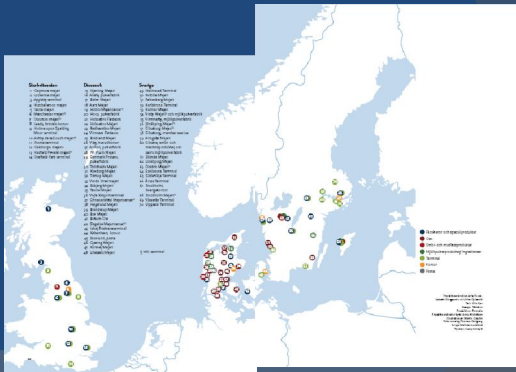


Petri Ollila 2008

More heterogeneous membership

Members in several countries

Arla



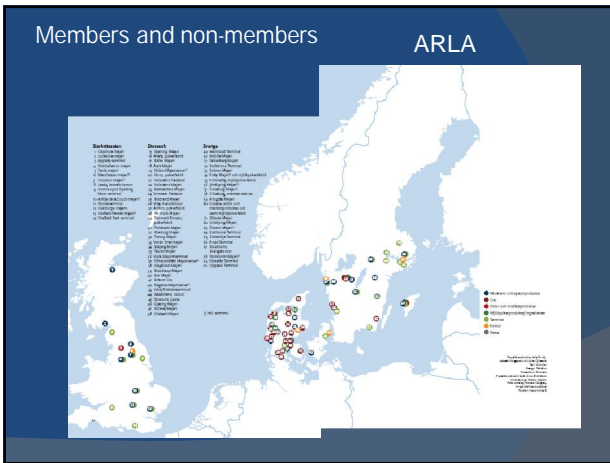
HK and Scan

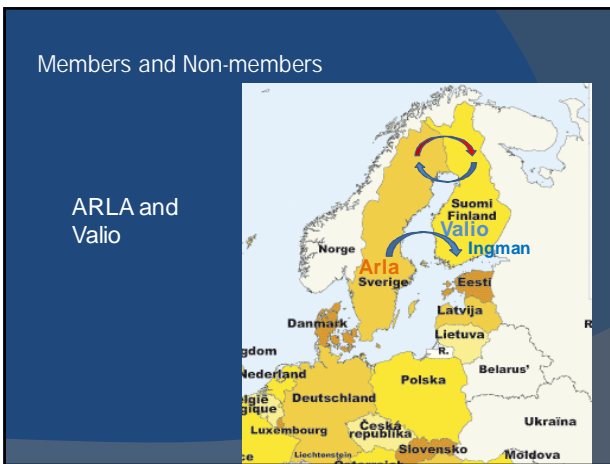


More heterogeneous membership

Members in several countries

Members and non-members

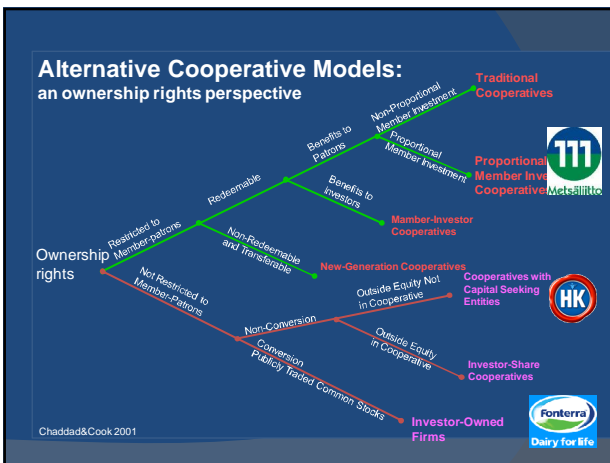






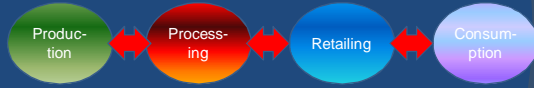






Varying Organizational Forms

- z Efficient consumer response (ECR)



Whom to listen?

Arising Questions

- z According to what rule is the surplus between members and investors divided?
- z Is there any way to deal with different memberships and non-members from different countries, cultures and legislation without changing the cooperative into an Investor Owned Firm (IOF)?
- z If there is no other way than to change the cooperative organization more towards an IOF form, what are the most important characteristics of cooperative form to be maintained?
- z The increasing power of the retailing industry forces processors, also cooperatives, to streamline their decision-making. Are the producers the last to take the burden of this change?

More Questions

- z Can the internationalization of producer cooperatives be handled in any other way than acting like Investor Owned Firms?
- z If that is so, is cooperatives' internationalization so important that it is worth giving up cooperative enterprise form's benefits to producers?
- z Is there anything to be done in this development?