

## 6. Areas for Further Research

Cooperative research in New Zealand is ripe for development but faces considerable data hurdles. The analysis presented in this report would be complemented by an examination of the role and significance of cooperatives in other New Zealand sectors such as financial services. Additional agricultural sectors would include the pork, poultry, eggs, other horticultural, wine and financial services sectors. It would also benefit from more refined estimates of market shares, as well as of performance.

More selective research, focusing on specific agricultural sectors, could be undertaken under one or more of the following headings:

- 1) *Performance* – The performance of New Zealand agricultural cooperatives could be compared with that of their overseas cooperative and IOF counterparts to identify where they have been relatively more or less successful.
- 2) *Innovation and growth* – For example, the extent to which cooperative capital constraints and growth strategies, and cooperative members' risk attitudes, affect wider economic development. This could be as narrow as an application of the methodology used by Chaddad and Cook (2002) to test for the presence of capital constraints. Alternatively it could be extended to a more macroeconomic level relating national economic growth to variables measuring the significance and nature of cooperatives.
- 3) *Competition* – For example, assessing the extent to which cooperatives trade off efficiency in members' supply decisions for competitive advantages (i.e. due to credible commitment to oversupply). The extent of any pro-competitive effects of cooperatives could also be examined, and in particular, where any such benefits might fall in the case of New Zealand agricultural cooperatives aimed primarily at export production. The possibility that vertical or horizontal integrations of cooperatives give rise to different welfare effects than integrations by IOFs is also worth examining.
- 4) *Globalisation* – The extent to which agricultural cooperatives in New Zealand have grown or maintained international sales and market share, relative to their foreign cooperative and IOF counterparts, would shed light on the extent to which cooperative innovations in New Zealand (in capital structures and otherwise) are proving adequate to meet global competitive challenges.
- 5) *Adaptive efficiency* – New Zealand's generic cooperative legislation and relatively neutral policy environment regarding organisational form creates a natural environment for cooperatives to evolve and adapt in ways not possible in jurisdictions with more prescriptive cooperative models. An examination of the relative diversity of cooperative

types in New Zealand should therefore shed light on which types of cooperative innovations and adaptations are best suited to meeting various organisational challenges. In particular, research into emerging NGC arrangements, including NGC capital structures, would also be fruitful. Alternatively, since changing technologies may have played a role in precipitating demutualisations in the insurance sector, an investigation of how changing transportation and communication technologies affects the ongoing need for cooperative coordination in other sectors (such as agriculture) would be useful.

- 6) *Political economy* – It would be interesting to further examine whether cooperative preferences (such as tax breaks or anti-trust exemptions) relative to IOFs can be justified on grounds of pro-competitive cooperative effects, or instead reflect political organisation and strength. The interplay between compulsory industry cooperation (e.g. through the Compulsory Levies Act) and cooperative governance would also be worth examining to determine the extent to which cooperative organisation is encouraged or supplanted by other such coordination devices.