

# Case Study: Scottish Agricultural Organisation Society (SAOS)

Case Study  
2022 | 03

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With special thanks to Bob Yuill for extensive feedback  
and commentary on an early draft

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#### To cite this paper

McMahon, C. (2022). Case Study: Scottish Agricultural Organisation Society. *International Centre for Co-operative Management Working Paper and Case Study Series* 03/2022.

The project is supported by the FWO Belgium – SBO project S006019N, KU Leuven

## Introduction

The Scottish Agricultural Organisation Society (SAOS) is a cooperative federation (or secondary co-op) of some 56-primary agricultural (farm and rural) co-ops. Established in 1905 under the influence of Anglo-Irish agricultural reformer Horace Plunkett,<sup>1</sup> SAOS aided the spread and integration of agricultural cooperation across Scotland, serving many of the same member needs that still exist to this day.

Federated agricultural co-ops collectively benefit from improved market access, reliable information, economies of scale, and political representation. This stands to reason in proportion to the size of the component organizations: some SAOS member co-ops are composed mainly of small family-oriented business operations with few, if any, non-member workers; while others are dominated by large agribusiness operations that employ many non-member workers.

SAOS's mandate has also widened over the years in response to evolving member needs, particularly as the broader agri sector has grown in size and complexity. The Society's current activities are increasingly geared towards member education, managing consultancy, and future strategy, with an emphasis on "holistic" cooperative governance (more on this below) as a means to sustainable and resilient co-op development.<sup>2</sup> In this endeavor, the federation must now assess potentials, pitfalls, and uncertainties surrounding the digital/tech revolution, supply chain collaboration, and various interlocking aspects of the environmental crisis<sup>3</sup> – from biodiversity loss to soil and freshwater depletion, to chemical pollution and climate change.

These issues are to the fore for current SAOS Head of Co-op Development Jim Booth, and Deputy Chief Executive of SAOS and Managing Director of ScotEID (see below) Bob Yuill (who occupied Booth's role previously).<sup>4</sup> Prior to being "headhunted by SAOS" to take his expertise in-house, Booth was contracted as an external training consultant through

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<sup>1</sup> See Doyle, P. (2019). *Civilising rural Ireland: The co-operative movement, development and the nation-state, 1889–1939*. Manchester, UK: Manchester University Press.

<https://www.manchesteropenhive.com/view/9781526124579/9781526124579.xml>

<sup>2</sup> Simmons, R., Yuill, B., & Booth, J. (2015). Governing Resilient Co-operatives: Agricultural Co-operatives in Scotland. In Novkovic, S., & Miner, K. (Eds.). *Cooperative Governance Fit to Build Resilience in the Face of Complexity*. International Co-operative Alliance. <https://www.ica.coop/en/co-operative-governance-fit-build-resilience-face-complexity>

<sup>3</sup> <https://saos.coop/what-we-do/>

<sup>4</sup> Unless otherwise indicated, statements and quotations attributed to Booth and Yuill draw on our interviews with them on October 13 and 27, respectively, 2021.

Scotland's Rural College (SRUC) – Scotland's "equivalent of Teagasc [in Ireland]".<sup>5</sup> SAOS was Booth's first encounter with the co-op movement, despite growing up as "a farm boy [on] a dairy farm" and joining SRUC after university, but he was a quick convert.

What I really liked about SAOS and the co-ops is the values and principles, and as soon as I understood [them], I just thought, 'Oh my God! This is what I believe in and this is what I've been looking for' . . . it's just such a good fit . . . But that's one of the problems in [Britain and Ireland], we have a deficit in [popular] understanding of the co-op business model and that's a real barrier. . . . It's not in our culture, it's not talked about [in] education at schools, college[s] and universities . . . So even though we've got all these co-op managers and [almost 600 primary] co-op directors [within SAOS], none of them [have] any [previous] formal training or any understanding of . . . the co-op business model, the co-op values and principles.

Yuill, by contrast, has been in the Society, in one capacity or the other, for over 30 years. Booth describes Yuill as someone "steeped" in the agri co-op tradition (he established a farm co-op after completing postgraduate studies at the University of Aberdeen), and "one of the top [experts] in [Britain and Ireland] in terms of farm cooperation". Yuill also completed the Master of Management, Co-operatives and Credit Unions program at Saint Mary's University in 2007 via the International Centre for Co-operative Management (ICCM).<sup>6</sup> He credits this with helping SAOS to navigate something of an identity crisis throughout the 1990s, during which the Society "almost collapsed".

We went right back to cooperative [purpose, values and] principles,<sup>7</sup> because we got pulled away from them, if we ever really had them to be honest . . . We started wearing that on our sleeve and . . . we never looked back . . . Real business strategy is about being unique and we'd forgotten what our unique place was in the world.

This approach pushed back against the prevailing "corporate culture" that viewed cooperatives as "old-fashioned", says Yuill – "and right against the tide, we said, 'No, this is just nonsense'". The institutional partnership with ICCM "gave us the real confidence to do that. Because a lot of people would have said, you know, 'That's not going to work'".<sup>8</sup>

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<sup>5</sup> See <https://www.sruc.ac.uk/> and <https://www.teagasc.ie/>

<sup>6</sup> See <https://www.smu.ca/academics/sobey/sobey-international-centre-co-op-management.html>

<sup>7</sup> International Cooperative Alliance (ICA) (1995). Statement on the Cooperative Identity. <https://www.ica.coop/en/cooperatives/cooperative-identity>

<sup>8</sup> On (non-)congruent competitive and institutional pressures faced by deviant organizations, see DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in

SAOS is a relatively small organization with group turnover above £4.5 million and 31 staff and 6 permanent contractors split into three core teams: the co-op team, the supply chain team, and the software and digital development team. Booth heads up the co-op team, with responsibility for “member engagement, member governance, [and] training [etc.]”. 18 of the staff are employed in a subsidiary organization called ScotEID,<sup>9</sup> which specializes in digital technology, “livestock movement traceability”, and “ownership of [farm] data” (see final section). ScotEID is Yuill's brainchild, having conceived of its importance for advancing farm disease prevention and eradication. A second subsidiary, SmartRural, is under development specializing in software systems for environmental monitoring and digital connectivity into remote hard-to-reach places.<sup>10</sup>

More generally, Yuill feels that there has been “very little work done really on agricultural co-ops and how they work, and how they survive under extreme conditions and pressures over decades and decades . . . They continually get sidelined”, even within the co-op community. It follows that there is a real opportunity for co-op practitioners and researchers to study and learn from best case examples.

## Living the cooperative ethos: participatory democratic governance

SAOS's underlying philosophy of practice accords with intergenerational organizational stewardship, comments Yuill: “How do you make sure you're here forever?”, especially given the challenges of climate and ecology facing this and future generations.

Extreme capitalism . . . isn't doing us any good at the minute. And the question really for [SAOS] is: How's that tempered . . . so [that] we're not continually externalizing costs [onto natural ecosystems]?

SAOS aspires to “holistic governance”, both within the federated organization itself and, by extension, amongst its member co-ops. The scope of this model encompasses not only

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organizational fields. *American Sociological Review*, 48(2), 147–160; and Bager, T. (1994). Isomorphic processes and the transformation of cooperatives. *Annals of Public and Cooperative Economics*, 65(1), 35–59.

<sup>9</sup> <https://saos.coop/what-we-do/data/scoteid>

<sup>10</sup> “SAOS decided to set up wholly-owned subsidiaries to deal with the complex issues of software systems development and data management. This is because we recognise that unlike [a] traditional co-op where there is a direct link between ownership to a physical commodity, the ownership link to (or understanding of) data, intelligence, and insights is much more nebulous, especially during early development. . . . [A]s the subsidiaries mature, and/or the understanding of their role and importance develops, SAOS may well then move the 'ownership' to our more traditional understanding of co-op share ownership. However . . . ScotEID and SmartRural . . . sit within the SAOS governance structure” (B. Yuill, personal communication, March 14, 2022). That is, a SAOS board member sits on the boards of both subsidiaries, which in turn report back on a quarterly basis to the SAOS Board (B. Yuill, personal communication, March 21, 2022).

standard control centres like the Board of Directors and senior management, but also embraces the broader co-op membership and staff, alongside other key stakeholders. This aligns with the people-centred nature of the co-op identity and enterprise model (see textbox below).<sup>11</sup> Holistic cooperation sees

governance as a broad and deep alliance between all the people who should be making decisions and shaping the outcomes of their cooperative(s) . . . This alliance is about developing governance structures and practices that pay attention to everyone who has a role and a stake in shaping their cooperative, its functions and performance, not just the people acting as directors or who are senior managers.<sup>12</sup>

Participatory co-op governance means something more than members simply attending AGMs and voting through resolutions and board members. As Yuill describes:

Finding ways to listen, engage and respond to member [and multiple stakeholder] perspectives within cooperative governance is key. Member [and stakeholder] 'voice' can provide vital intelligence and act as a counterweight to the dominance of overly-narrow command-and-control or managerialised approaches . . . [The co-op business model is] based on a deep understanding of the power of cooperative values and principles.<sup>13</sup>

At SAOS, stakeholder participation further extends into the operational arena, blurring the lines somewhat between governance and management. Hence "involvement with the business and its functions on a day-to-day basis" is also encouraged, stresses Yuill, "and that includes workers", given they occupy a unique position *within* all types of co-op business. SAOS's organizational culture is hence firmly rooted in a practical commitment to the cooperative identity and enterprise model.<sup>14</sup>

**Passing the knowledge of the co-op's original purpose and history down to the next generation is crucial to build and maintain member loyalty and commitment.**

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<sup>11</sup> Miner, K., & Novkovic, S. (2020). Diversity in Governance: A Cooperative Model for Deeper, More Meaningful Impact. *The Cooperative Business Journal* (NCBA CLUSA) Fall 2020, <https://ncbaclusa.coop/journal/2020/fall-2020/diversity-in-governance/>

<sup>12</sup> Simmons, R., Yuill, B., & Booth, J. (2015, p. 35). Governing Resilient Co-operatives: Agricultural Co-operatives in Scotland. In Novkovic, S., & Miner, K. (2015). *Co-operative governance fit to build resilience in the face of complexity*. International Co-operative Alliance. <https://www.ica.coop/en/media/library/cooperative-governance-fit-build-resilience-face-complexity>

<sup>13</sup> Simmons et al. (2015, p. 39–40).

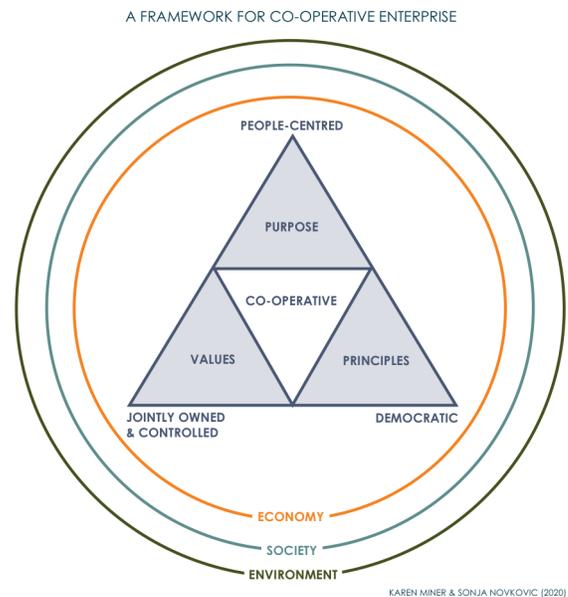
<sup>14</sup> See Miner & Novkovic (2020). <https://ncbaclusa.coop/journal/2020/fall-2020/diversity-in-governance/>

A constant challenge for SAOS is to continually educate member co-ops and co-op members, old and new alike, as to “the co-op difference and [the] co-op advantage”. All too often, there is still a “weak understanding” of this amongst member co-op directors and managers, with primary co-op “member communication and member engagement [seen as] just hassle and costs”, rather than as a possible competitive advantage.

The danger is amplified as co-ops grow and age, with newer members losing any real sense of the co-op’s original purpose and history. Passing this knowledge down to the next generation is crucial to build and maintain member loyalty and commitment – “making sure they really understand [that] they are the owner of the business and they have a say in the business”, they aren’t just service users.

But the difficulty is compounded where directors and managers are sought from conventional business backgrounds for their industry expertise. More often than not, they have little, if any, prior knowledge of the co-op business model. This underlines the importance of co-op-specific professionalization and management education. The co-op purpose is not just financial, but “associative” and community driven, states Booth, with a broader mission to educate the public as to the economic, social, and environmental benefits of collective self-help and co-op enterprise.

Cooperative Enterprise Model  
Conceptualization. Source: ICCM, Saint Mary’s University



The cooperative enterprise model is a trifacta of purpose, values, and principles coupled with three fundamental properties inherent in cooperatives as peoples’ organizations (people-centred, joint ownership & control, and democracy). These three properties, when operationalized, form the building blocks of the cooperative advantage in the context of increased complexity.

**People-centred** (as opposed to capital-centred) governance and management assumes people are intrinsically motivated social beings, balancing their personal and group interests in accordance with general moral principles.

**Joint ownership and control** (distributed, rather than concentrated). Joint ownership is a hallmark of cooperative organizations, and it is intertwined with members as owners, controllers, and beneficiaries.

**Democracy** based on one member, one vote (rather than wealth-based). Self-governance is the underlying engine of cooperative enterprises, with the vital component being democratic decision-making by their members.

Advances in member and stakeholder understanding require “thought leadership . . . [therefore, SAOS] search[es] the world for knowledge renewal and best practice in co-op management”. It always seeks to foster ongoing relationships with co-op practitioners and academic researchers and institutions on both sides of the Atlantic. More generally, SAOS jointly lobbies the government, in alliance with Co-ops UK, to influence government policy in a more favourable direction for agri co-op development.

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## **Organizational structures: networked governance<sup>15</sup>**

### *The Board, Council, and general meetings*

SAOS deploys a two-tier governance structure with the Board of Directors supplemented by a representative Council body. The latter acts as a supervisory forum for the membership and other invited key stakeholders, who together monitor Board performance and mediate information, communication, and consultation in between general meetings. A majority of Council reps (16 max) are elected by the membership at the AGM, and these elected Council members in turn function as the electoral college from which the Board is elected. Hence the Council plays a crucial role in identifying and preparing future leaders for Board succession. As Booth expresses:

**The Council acts as a supervisory forum for the membership and other invited key stakeholders, who together monitor Board performance and mediate information, communication, and consultation.**

One of the advantages of the two-tier structure is [that] you can see how individuals perform [on] the Council: it's your recruiting [and] training ground to find talent to go onto the Board. . . . You have to get the best people on the Board . . . but also the right culture . . . We have to support them: the education, the remuneration is all really important – and the status, I think a lot of them do it for the recognition and status that's provided.

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<sup>15</sup> Pirson, M., & Turnbull, S. (2011). Toward a more humanistic governance model: Network governance structures. *Journal of Business Ethics*, 99(1), 101-114. Unless otherwise stated, this section draws upon SAOS (2005). *Board and Council Charter: The Policies and Practices of the Board of Directors and Council of SAOS Ltd*. Internal document.

The Council can also appoint a max of three internally-co-opted, and seven externally-co-opted, members to its ranks.<sup>16</sup> Internal "co-options may comprise of directors or managers of member businesses"; while "external co-options may comprise of representatives of other stakeholders that in the opinion of Council would assist it to discharge its responsibilities". The Chair of the Board also chairs the Council; and the company secretary (usually the CEO) is likewise the Council's secretary. One further SAOS member of staff also sits on the Council. It meets at least twice per year: "The secretary is required to convene a meeting when a request is made by at least five Council members".

In addition to reviewing and providing "constructive and critical feedback" on board documents, regarding objectives, strategy, and performance, the Council also independently debates and identifies member/stakeholder circumstantial needs and corresponding remedial actions. Board resolutions proposed to the membership at general meetings are subject to Council approval; the latter also approves remuneration of Board members. Hence the Council is "an important source of communication and consultation, acting as *an interface* between members and other stakeholders, and the Board" (our emphasis).

The Board carries the legal responsibility for governing SAOS, along with the associated powers of authority. It is made up of Council-elected directors (six max), comprising a Board majority, Board-appointed non-executive outside directors (two max, one appointed as Senior Independent Director),<sup>17</sup> and Board-appointed internal co-options from the Council (two max). Elections for at least two director positions take place each year on a staggered basis.

	<b>Max number of reps on governance body</b>	
<b>Method of appointment</b>	<b>Board</b>	<b>Council</b>
Election	6 via Council	16 via AGM
Internal co-option	2 from Council via Board	3 managers/directors via Council
External co-option	2 non-exec via Board	7 strategic stakeholders via Council
<b>Total</b>	<b>10</b>	<b>26</b>

<sup>16</sup> "A co-option is usually to provide some particular knowledge or skill. It is important to note that the elected members can and will cancel a co-option [if deemed necessary]." (B. Yuill, personal communication, March 14, 2022)

<sup>17</sup> The Senior Independent Director "is available to other Directors if they have concerns [for] which contact through the normal channels of Chairman or Vice Chairman has failed to resolve, or for which such contact is inappropriate, and has the power to call meetings of the Elected and Co-opted Directors should he [or she] consider it necessary. The Senior Independent Director shall, at least annually, lead a review of the performance of the Chairman, which may include a meeting of directors at which the Chairman is not present."

A stewardship-oriented *supportive* relationship between the Board, management, and wider staff is encouraged, as opposed to the standard control-focused agency relationship common to leading theories of corporate governance.<sup>18</sup> The Board appoints (via its Remuneration and Personnel committee) and monitors (“within a framework of prudent and effective controls”) the CEO, who attends Board meetings (as “ex-officio” member), any relevant Board committees,<sup>19</sup> and any general meetings. The Board meets at least once every three months. “The secretary is required to convene a meeting when a request is made by at least two Directors”.

**A stewardship-oriented supportive relationship between the Board, management, and wider staff is encouraged.**

Board directors may seek, if necessary and at reasonable expense, “appropriate professional advice” (e.g. external auditors), subject to approval by the Chairman, CEO, or Senior Independent Director.

### *Regional networking forums*

SAOS has also established regional networking forums that bring together, in separate fora, primary co-op managers, chairpersons, and staff. The forum structure provides greater support to, and coordination/collaboration

between, the federation’s member co-ops, as well as influencing SAOS governance more broadly.

This follows on from the Society’s successful experience (discussed in greater detail in the next section) with co-op governance and management education: “SAOS has learned the value in

directors and managers from different agricultural cooperatives coming together to network, share knowledge and experiences and search for best practice”.<sup>20</sup>

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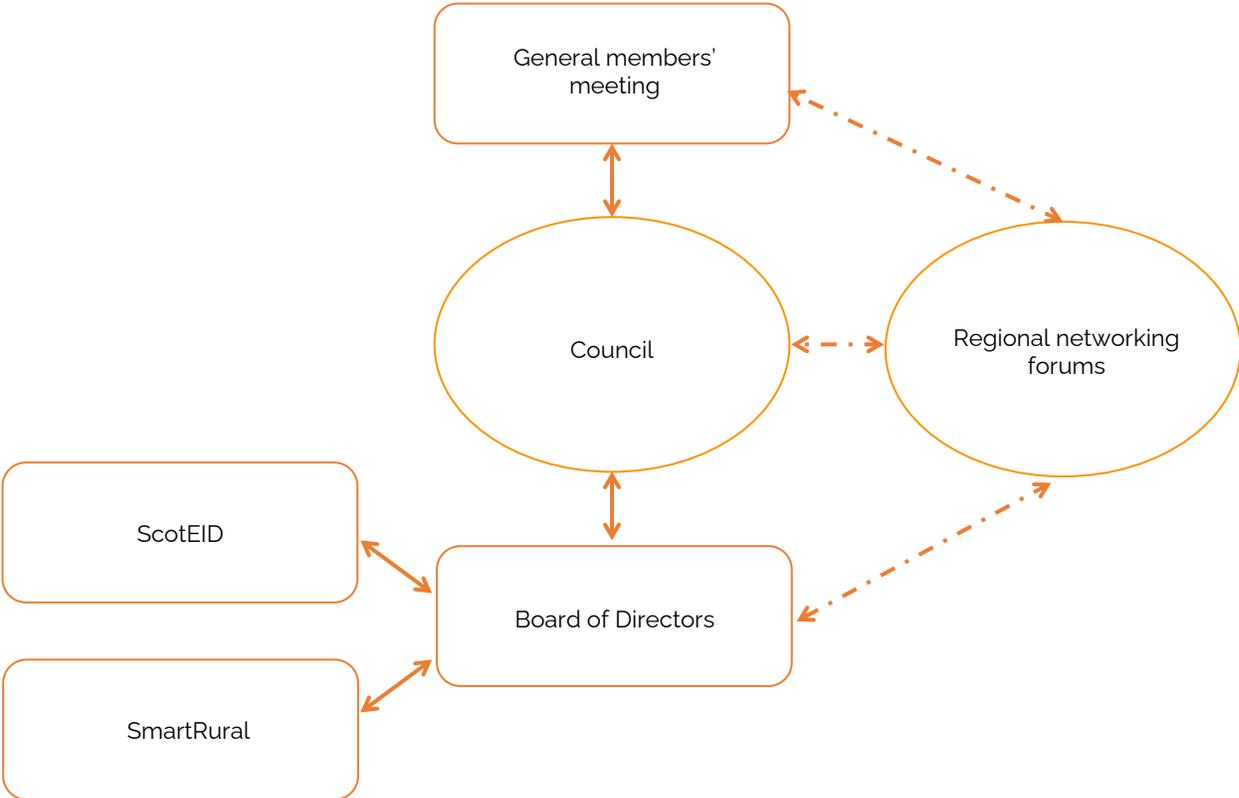
<sup>18</sup> See Michaud, M., & Audebrand, L. K. (2022). One governance theory to rule them all? The case for a paradoxical approach to co-operative governance. *Journal of Co-operative Organization and Management*, 10(1), 100151. <https://www.sciencedirect.com/science/article/pii/S2213297X21000239>

<sup>19</sup> “The Board may establish an Audit, Remuneration and Personnel, and any other committees it deems necessary. The function of each Committee is to carry out the work delegated to it by the Board, and to report to, and make recommendations to, the Board as appropriate.” Booth states that there is a non-executive independent director on the Remuneration and Personnel Committee.

<sup>20</sup> Simmons et al. (2015, p. 44–45).

Forums generally meet at least twice per year to discuss larger strategic issues of co-op governance, co-op development, and co-op understanding, alongside more generic business items. SAOS provides support and advice to these forums, but "the forum members own them . . . [and] drive the agenda", states Booth.

**SAOS governance bodies and communication flows<sup>21</sup>**



<sup>21</sup> The organizational chart indicates relationships of accountability/control/cooperation between the main governance bodies (solid arrows), as well as the looser (if no less important) participative/collaborative/consultative relationships fostered by the regional forums (broken arrows).

### *Director compensation philosophy*

The Society's general philosophy around remuneration advocates removing financial barriers to member/stakeholder participation in co-op governance. The intention is to cover any potential expenses arising, rather than to induce extrinsic motivation via monetary incentives.<sup>22</sup> The removal of financial barriers may also contribute to increased Justice, Equity, Diversity, and Inclusion (JEDI) in terms of recruitment and succession practices. The agriculture sector generally is male dominated and older aged. Hence greater effort is underway to encourage and involve younger and minority voices in agri co-op governance. Booth reveals that SAOS runs a series of programs and workshops to reach out to "our [wider] co-op community".

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### **Participatory processes: co-op learning and communication**

Central to the Society's implementation of a holistic governance model is the emphasis placed on education and training for directors and staff. This holds true for SAOS and for its component member co-ops. In particular, since the early 2000s, the federation has instituted its very successful Director Development Programme. This represents a rare example of *cooperative-based* professionalization geared towards building effective trust-based relationships with members, as opposed to the standard corporate professionalization of co-op boards than all too often drives co-op degeneration/demutualization.<sup>23</sup> The six one-day modules of the Director Development Programme are:<sup>24</sup>

**Emphasis is placed on education and training for directors and staff . . . cooperative-based professionalization geared towards building effective trust-based relationships with members.**

- Effective Co-operative Governance
- Developing Strategic Capability

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<sup>22</sup> See Novkovic, S. & Miner, K. (2019). Compensation in co-operatives: Values-based philosophies. *International Centre for Co-operative Management Working Paper and Case Study Series* 01/2019. <https://www.smu.ca/webfiles/ICCMWorkingPaper19-01.pdf>

<sup>23</sup> See Birchall, J. (2017). The Governance of Large Co-operative Businesses. Co-operatives UK. <https://www.ica.coop/en/media/library/research-and-reviews/governance-large-cooperative-businesses>

<sup>24</sup> See Simmons et al. (2015, p. 42–43) for module details.

- Marketing, Member Relations and Communication
- Co-operative Finance
- Managing People
- Collaborative and Supply Chain Management

Yuill states that each module “is highly interactive and based on real case work, with directors sharing their own experiences”.<sup>25</sup>

Beyond board-level learning, the federation’s Co-op Management in Practice (C-MiP) program caters to the next generation of senior managers and trainee co-op staff. This “highly interactive, two-day residential course” includes “building understanding of the distinctive nature of successful cooperative businesses”.<sup>26</sup> For directors, managers, and staff alike, Booth communicates that:

Our focus has always been on the co-op bit, the co-op difference, the co-op governance; but we are doing a bit more now in generic business skills . . . in general we will bring externals in for that, because there's plenty of [existing] providers . . . [‘this then is analysed within the co-op principles’]<sup>27</sup> . . . A co-op [has] two bits: you have to have that commercial business driver because [it’s] a very competitive world, but you also have to have the associative bit . . . about the network social capital and education. And that’s always a challenge . . . to get people to understand that.

Besides education and training, member engagement at SAOS is also encouraged through “the broader communication piece”, according to Booth. There is a 24-hour on-call service for members; quarterly updates and newsletters are sent out to keep them informed; they can attend and participate directly at the annual conference; and members are subject to an annual review with a project manager to help assess development needs. Moreover, SAOS has devised methods to measure the benefits of co-op membership, the results of which are communicated to members in an annual report – “there’s multiple bottom lines”, stresses Yuill. Member feedback (whether positive and/or negative) then shapes the policy response from the Society. This bi-directional communication contributes towards building loyalty within the federation of agri co-ops. Hence, loyalty is measured in tandem with member benefit to further inform strategy.<sup>28</sup>

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<sup>25</sup> B. Yuill, personal communication, March 14, 2022.

<sup>26</sup> Simmons et al. (2015, p. 44) – includes program details.

<sup>27</sup> B. Yuill, personal communication, March 14, 2022.

<sup>28</sup> See Simmons et al. (2015, p. 45–46).

## Change management dynamics: governing under pressure

### *Adapting to large-scale complexity*

Like any cooperative organization that has survived long enough to tell the tale, SAOS has managed to navigate periodic disruptions and identity crises. Yuill recalls how, during the 1990s, "We lost some of our co-ops because of really bad governance . . . A lot of our big co-ops thought that if you brought in a corporate culture . . . that's really the best way forward; and it was completely [and] utterly the wrong thing [to do]". Consequently, the Society reoriented towards an organizational strategy and culture built upon co-op foundations. He explains how:

We developed a whole suite of governance [tools] and . . . [visited] Ireland and spoke with ICOS [Irish Co-operative Organisation Society]<sup>29</sup> on governance. We did a serious amount of work on it . . . we [the secondary co-op] evolved our own governance structures really to show the way . . . as a [sort of] case study for our [primary co-op] members . . . We're very, very well known for our governance [ever since] . . . people just come to us [for support and advice] . . . and we teach it [in] workshops [etc.]

One important governance innovation to emerge from this process of transformation was the Council structure, as discussed earlier. Booth feels that the Council provided greater representation, engagement, and communication to an increasingly diverse membership – a consequence of SAOS's growth in size. A similar logic applies to the regional forum structure.<sup>30</sup>

The Society also formalized its rules, policies, and practices during this period, by committing them to paper in a *Board and Council Charter*.<sup>31</sup> Booth argues that doing so is vitally important for co-ops, since it gives clarity and direction around roles and responsibilities. Similarly, SAOS developed a *Corporate Governance Code for Agricultural Co-operatives* in partnership with Co-operatives UK.<sup>32</sup> The guidelines recognize, however, that "one size does not fit all", placing the onus on agri co-ops to explain and justify modifications

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<sup>29</sup> <http://icos.ie/>

<sup>30</sup> He elaborates on the composition of the membership as follows: "We have quite a diverse range of members: different types of co-ops, different sized co-ops. So they've all got different needs representing different sectors. . . . [The] majority [are] farm co-ops, but we've [also] got supply co-ops, processing co-ops – especially services [co-ops] – [and] we've also got shellfish co-ops [and] forestry co-ops".

<sup>31</sup> SAOS (2015).

<sup>32</sup> Co-operatives UK & SAOS (2014). *Corporate governance code for agricultural co-operatives*. <https://saos.coop/assets/media/files/CorpGovCodeAgriCoops.pdf>

of, or deviations from, general best practice at the board level in particular, and on governance bodies in general. Best co-op governance is clearly distinguished from standard corporate practice in this regard.

Boards must operate in line with the International Co-operative Alliance Statement of Co-operative Identity and actively engage and maintain close relations with members and encourage active member participation in its governance practices.<sup>33</sup>

*Embracing the Digital Revolution*

SAOS's data collection and processing activities extend far beyond simple measurement of member benefits and loyalty. The Society is to the forefront in deploying advanced information and communications technologies (ICTs) for the purposes of gathering data to improve co-op governance, performance, resilience, and sustainability. Most notably, three pathbreaking initiatives pioneered and instigated by SAOS are: ScotEID, SmartRural, and CarbonPositive.

More than a decade before the emergence of test-trace-isolate systems in response to the COVID-19 pandemic, SAOS established ScotEID to track livestock movements and prevent the spread of animal diseases. The impetus came from regulatory changes surrounding the 2001 Foot and Mouth disease outbreak, which greatly disrupted the agriculture and tourism sectors across Britain, Ireland, and parts of mainland Europe. The introduction of EID (electronic identification) tagging was one consequent requirement. Yet SAOS made the decision not to outsource this function, and instead developed its own traceability capabilities.

**The Society is to the forefront in deploying advanced information and communications technologies (ICTs) for the purposes of gathering data to improve co-op governance, performance, resilience, and sustainability.**

The ScotEID database uses co-operative data at an individual level, allowing real-time tracking of livestock, all the way through the supply chain, to the point of entry to the food chain. This 'holy grail' for farmers, abattoirs, governments, health officials, and consumers, has been achieved by ScotEID, working with the

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<sup>33</sup> Simmons et al. (2015, p. 41).

industry, to provide accurate identification and movement data, with continuous analysis of that data.<sup>34</sup>

For Yuill, the crucial thing here is “the intelligence that’s derived from that data and how that intelligence is owned in [relation to co-op] governance”. ScotEID, as a separate business function (with circa 18 staff) – i.e. a subsidiary of SAOS – ensures data ownership for the co-op farmers who supply and harvest the data. “ScotEID provides insights and interpretation of data, providing the data owners with information as what to do next”.<sup>35</sup> External service providers would otherwise collect this knowledge for the benefit of their own organizations, leaving SAOS without the informational means of improving co-op governance. As Yuill explains: “In competitive markets knowledge is king. Strategic governance requires knowledge and insights into what is happening now, and what is going to happen or might happen in the future”.<sup>36</sup>

According to Booth, “No one else wanted to do it [in-house] within Scotland [at that time], and so SAOS took it on and [decided to] run it [through a subsidiary] . . . Bob took it up, and it’s been a fantastic success, and really it’s an example of the cooperative ownership of data”. Yuill recalls, however, that even the SAOS Board of Directors initially struggled to grasp the strategic importance of modernized livestock tracing, as indeed data-derived intelligence more generally. They took some convincing on the matter, but eventually came around to the idea.

Co-op data ownership presupposes access to adequate digital connectivity to facilitate its collection and processing in remote rural areas. Through SmartRural, which monitors “the tight relationships between food production, climate change, and ecology”,<sup>37</sup> SAOS has initiated a nationwide expansion of the rural digital infrastructure. As Booth communicates:

We have market failure in terms of the roll out of [and] access to digital connectivity broadband [in rural areas] . . . [We realized that] we’re just going to have to do it ourselves . . . like what they did in America . . . when they rolled out [the] electric and utilities [infrastructures] . . . Co-ops did it . . . Everything is done online now . . . access to education, access to business.

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<sup>34</sup> <https://saos.coop/what-we-do/data/scoteid>

<sup>35</sup> B. Yuill, personal communication, March 14, 2022.

<sup>36</sup> Ibid.

<sup>37</sup> B. Yuill, personal communication, March 14, 2022.

SmartRural is a subsidiary of SAOS: "Thereby, the ownership, control and value of the data intelligence is retained by the folks who generate it".<sup>38</sup> The focus in this instance is on developing software systems that compile sensory data<sup>39</sup> concerning, for example, the depletion and/or regeneration of peat bogs, arable land, water, trees etc. SAOS, explains Yuill, partners through SmartRural and ScotEID with Scottish Government to provide intelligence concerning environmental monitoring and improvement. "That's [an external] governance [relationship] between ourselves and [the] Government and our stakeholder group".

Co-op data ownership contrasts with industry norms, whereby data, and crucially the intelligence derived from the data, is usually owned by software and machine companies – subsidiaries of multinationals – or indeed by the Government.

**SAOS partners through SmartRural and ScotEID with Scottish Government to provide intelligence concerning environmental monitoring and improvement.**

"They [are able to] sell that data and insights [on to third parties] and that's wrong. That data, and the insights derived from the data, should belong to the farmers and their local supply chains who provide [it], and the value [to them] then is [that] the data is available for [internal governance-related] intelligence".

SAOS's CarbonPositive tech platform operates according to a similar logic.<sup>40</sup>

With support and funding from the Scottish Government, the CarbonPositive [software] platform is gathering data on a range of activity areas including soil, woodland, water, and renewable energy. The platform will record and demonstrate the positive contribution made by Scottish farms [and land managers] in reducing greenhouse gas emissions, sequestering carbon and supporting natural capital. . . .

CarbonPositive is:

- An industry platform that will credit farmers as custodians of the land
- A mechanism to celebrate the contribution farmers make and drive change at farm level

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<sup>38</sup> <https://saos.coop/what-we-do/technology/smartrural/>

<sup>39</sup> "SmartRural uses the 'Internet of Things' (IoT) to transfer data over a network. The IoT refers to network connectivity using objects, sensors and everyday items, such as a gate or a water trough, or a neck collar on a cow. These devices are then enabled to automatically generate and transmit information."  
<https://saos.coop/what-we-do/technology/smartrural/>

<sup>40</sup> "Carbon Positive is a sophisticated software product, and this will become managed within a separate co-op, called Scottish Farm Carbon, which effectively is a 'spin off'." (B. Yuill, personal communication, March 14, 2022)

- An opportunity to educate and engage both farmers and the public in the role agriculture plays in meeting the climate change challenge.<sup>41</sup>

### *Confronting the Age of Uncertainty*

The debate over agricultural emissions is particularly fraught within the wider sector. While recognizing the contribution of livestock methane to global warming, Yuill nevertheless argues that agriculture is seen as an easy target. Reducing agri emissions, he stresses, will prove relatively inconsequential in the larger scheme of things unless the extraction and burning of fossil fuels is prioritized – that is, he sees a hierarchy of responsibility, which often goes unacknowledged by urban dwellers. These are macro-level challenges requiring state intervention and inter-state cooperation, and thus their ultimate resolution is largely beyond the scope of micro-level firms and co-ops. “Our view at SAOS is that we can only achieve what we have to do by all of us working together – sharing our intelligence and techniques”.<sup>42</sup>

That said, SAOS takes the challenges and responsibilities of environmental transition very seriously. Yuill believes that co-ops should endeavor to take the lead within their respective industries, and that this commitment needs to be recognized explicitly in the cooperative principles, either as an extension of Principle 7 (Concern for Community [and Ecology]), or as an additional eighth principle. “We have to be here forever”. This is why SAOS is so keen to highlight and to further strengthen the many environmentally regenerative practices that its members engage in.

In terms of the governance implications of socio-ecological displacement (i.e. habitat destruction, deforestation, biodiversity loss, climate migration, zoonotic spillover) caused by industrial expansion, the outbreak of the coronavirus pandemic in 2020 ushered a rapid transition to virtual modes of meeting and learning. This increased attendance at meetings and events, according to Booth, by expanding opportunities and accessibility.

Scotland's a bit like Ireland, we've got a lot of . . . island communities and normally would have delivered our training . . . in Central Scotland, in-person; it was face-to-face because [of] the networking value as well. But we deliver probably half [of our] training now online and it's more accessible – people like it – okay, it's different: we have to be shorter and sharper . . . [but] the technology's

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<sup>41</sup> <https://saos.coop/what-we-do/carbonpositive>

<sup>42</sup> B. Yuill, personal communication, March 14, 2022.

here to stay . . . Farmer directors before, they would say, 'Oh no I'm not doing anything [online]; I can't do that'. But now they all do it!

In concert with the economic disruption caused by increasing environmental and epidemiological precarity, Britain's political-economic exit from the European Union in 2020 has further complicated the supply chains of SAOS member co-ops. Brexit has thus given renewed impetus to the Society's supply chain collaboration work. As Booth concludes:

We're just in a period of unprecedented change . . . globally [and] in the UK . . . principally because [Britain has] left the European Union, so we're now in a new world post-[Brexit]. We've got new agricultural policy . . . we've got the climate emergency . . . we've got still increasing globalization . . . just the power of these multinationals.

Yet, as immediate challenges go, "probably number one" is labour and skill shortages, made worse with patterns of work disrupted by the pandemic. Attracting suitable personnel from non-agricultural backgrounds to work in member co-ops, though, has always been a challenge.

## Looking to the future

SAOS faces into an uncertain future in the knowledge that, despite present challenges, the federation and its member co-ops have overcome many trials and tribulations over the course of its existence, from the late 19<sup>th</sup> century into the 21<sup>st</sup> century. The remaining decades of the latter must be defined by much greater cooperation, at the global and firm level, if it is to be worth living at all. SAOS will doubtless continue to be highly relevant alongside the wider co-op movement.