

THE CANADIAN CO-OPERATIVE GOVERNANCE SURVEY

WAVE 1 AND WAVE 2 COMPARISON REPORT

ABSTRACT

How are co-operative and credit union governance practices changing over time? Until recently, this question was difficult to answer with any certainty. But thanks to data gathered over two waves of the Canadian Co-operative Governance Survey – which collected data in 2019 then again in 2022 – we are now in a position to begin answering that question. This report focuses on sixteen Canadian co-operatives and credit unions that participated in both waves of the survey and finds that compensation for board chairs and directors has increased over the three years, especially amongst larger sized co-operatives. Meanwhile, there is some tentative evidence to suggest co-operative boards are becoming more diverse and younger.

Copyright © 2024 Marc-André Pigeon, Stan Yu, and Eylin Jorge Coto

This report, and the associated survey, were made possible by the generous support of the United Farmers of Alberta Co-operative.

All rights reserved. No part of this publication may be reproduced in any form or by any means without the prior written permission of the publisher.

Canadian Centre for the Study of Co-operatives
101 Diefenbaker Place
University of Saskatchewan
Saskatoon SK Canada S7N 5B8
Phone: (306) 966–8509 / Fax: (306) 966–8517

E-mail: coop.studies@usask.ca

Website: <http://www.usaskstudies.coop>

Table of Contents

1. Introduction	1
2. Demographics	1
3. Board Composition	2
3.1 The Size and Age of the Board	2
3.2 Time Served as Board Member	3
3.3 Representation of Members of Different Equity-Seeking Groups on Boards	3
3.4 Outside Directors and Directors with Same-Industry Experience	5
4. Board Compensation	5
5. Conclusion	7
References	7

1. Introduction

How are co-operative and credit union governance practices changing over time? Until recently, this question was difficult to answer with any certainty. But thanks to data gathered over two separate surveys of co-operatives, we are now in a position to begin answering that question.

Our main finding is that while many co-operative governance practices remained essentially unchanged between 2019 and 2022, we find evidence of increases in chair and board remuneration – 28% and 15% increases of the median pay (respectively) – as well as evidence that co-operatives are increasing diversifying their board and recruiting younger board members.

To arrive at these conclusions, we compared co-operative and credit union governance practices based on evidence from two waves of the Canadian Centre for the Study of Co-operative's governance survey, namely in 2019 and again in 2021-22¹. Since survey response increased almost five fold from Wave 1 to Wave 2, we focus this study on the 16 co-operatives and credit unions listed in Table 1 below that completed both waves of the survey².

Table 1: List of Participating Co-operatives

Affinity Credit Union	Desjardins
Agrifoods International	First West Credit Union
Agropur	Gay Lea Foods Co-operative
Alterna Credit Union	Libro Credit Union
Atlantic Central	Manitoba Central
Calgary Co-op	Manitoba Co-operatives Association
Co-operators	Meridian Credit Union
Conexus Credit Union	United Farmers of Alberta

1 For studies particular to each wave of survey, see "2020 Co-ops & Credit Unions: Report from the Board Room" available here: <https://usaskstudies.coop/documents/pdfs/co-ops-and-credit-unions-report-from-the-board-room.pdf>; and "Co-ops and Credit Unions: 2023 Report from the Board Room," available here: <https://usaskstudies.coop/documents/research-reports/canadian-co-operative-governance-wave-2-survey-report.pdf>

As it can be seen on Table 1, the types of co-operatives that participated in both the Wave 1 and Wave 2 survey are diverse, ranging from retail co-operatives to provincial associations to credit unions.

With that in mind, the following sections focuses on aspects of board governance that are broadly comparable across sector, including demographics, board composition and diversity, and director compensation.

2. Demographics

In this section, we report on a range of statistics – medians, percentiles, minimums and maximums – to describe the 16 Wave 1 and Wave 2 co-operatives in terms of their assets, revenue, number of members, number of employees³.

Beginning with assets, Table 2 shows that average assets increased by 33% to \$33.1 million between Wave 1 and Wave 2. Reflecting this change, the median value of assets rose 46% to \$6.7 billion in Wave 2. Over the period covered by the two waves of the survey, total assets (not shown) increased by 33% to \$497 billion.

Table 2: Assets (in thousands \$)

	Wave 1 ⁴	Wave 2 ⁵	Percentage Difference
<i>Average</i>	\$24,802,383	\$33,113,487	34%
<i>Minimum</i>	\$265	\$273	3%
<i>25%</i>	\$965,000	\$1,515,159	57%
<i>Median</i>	\$4,601,857	\$6,700,000	46%
<i>75%</i>	\$8,241,542	\$10,130,341	23%
<i>Maximum</i>	\$296,000,000	\$397,100,000	34%

2 Please note that not every organization answered every survey question, so "N" numbers in the following pages are based on the number that answered the question, not necessarily on the total number of organizations that participated. Where percentages are not based on the total of 16, we will indicate the actual number of responses in the text, i.e., (N=14), which indicates 14 respondents who answered that particular question. Meanwhile, "n" refers to the frequency of organizations that responded a certain way. For instance, n = 10 indicates that ten credit unions gave the same response to a particular question.

Meanwhile, the total revenue of surveyed co-operatives also increased from \$32 billion to \$38 billion – an 18% increase.

Table 3: Revenue (in thousands \$)

	Wave 1 ⁶	Wave 2 ⁷	Percentage Difference
<i>Average</i>	\$2,172,860	\$2,560,084	18%
<i>Minimum</i>	\$176	\$156	-11%
25%	\$109,703	\$95,316	-13%
<i>Median</i>	\$320,000	\$335,397	5%
75%	\$1,551,020	\$1,440,768	-7%
<i>Maximum</i>	\$16,576,000	\$20,405,000	23%

When comparing Waves 1 and 2, we find that the median number of employees, which includes full-time, part-time, and casual employees, increased slightly by 6%, or 55 workers (see Table 4). There were a lot of variances in the number of employees from a minimum of 1 to a maximum of 46,000 in Wave 1, and from a minimum of 1 to a maximum of 54,000 in Wave 2. Amongst the Wave 1 and Wave 2 co-operatives, we found the largest co-operative increased their workforce by 17%.

Table 4: Number of Employees

	Wave 1	Wave 2	Percentage Difference
<i>Average</i>	4,818	5,160	7%
<i>Minimum</i>	1	1	0%
25%	581	616	6%
<i>Median</i>	946	1,001	6%
75%	2,338	2,323	-1%
<i>Maximum</i>	46,000	54,000	17%

³ We do not report on averages in this section because this statistic is influenced by a particularly large credit union in the sample data (i.e., the credit union with almost \$400 billion in assets).

⁴ N = 14

⁵ N = 15

⁶ N = 14

⁷ N = 15

As seen in Table 5, the median membership size also increased by 4% to 119,800.

Table 5: Number of Members

	Wave 1	Wave 2	Percentage Difference
<i>Average</i>	373,848	374,456	0%
<i>Minimum</i>	11	11	0%
25%	1,062	1,034	-3%
<i>Median</i>	115,500	119,808	4%
75%	187,750	178,013	-5%
<i>Maximum</i>	4,000,000	4,000,000	0%

3. Board Composition

To explore co-operative board composition, we looked at the size of the board, the age of directors, the representation of members from different equity-seeking groups, whether surveyed co-operatives incorporate diversity targets, and the number of directors coming from the same industry and/or having executive experience.

3.1 The Size and Age of the Board

Table 6: Size of the Board

	Wave 1	Wave 2
Average	12	12
Minimum	9	9
Percentile 25%	11	11
Median	12	12
Percentile 75%	12	12
Maximum	22	22

As Table 6 shows, board size has not budged over Wave 1 to Wave 2. In both waves, surveyed co-operatives had an average of 12 directors on their board; half of the boards had either 11 (25th

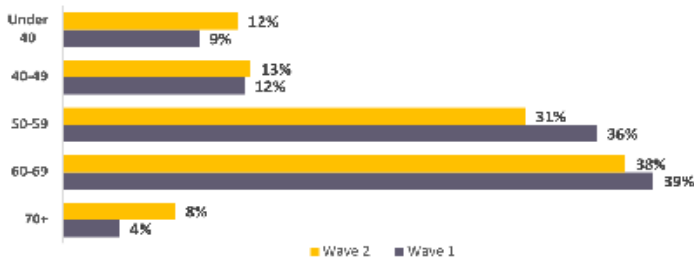
percentile) directors or 12 (75th percentile) directors.

We observe a similar finding when comparing director age. In both waves of the survey, the average age of a director on a co-operative board was 56 years old (See Table 7), seven years less than the average of 63 years for publicly-traded firms (Stuart, 2023). We do however observe some indications that co-operative boards are getting younger. Figure 1 shows that in Wave 2, 12% of directors among the surveyed co-operatives were under the age of 40, up from 9% in Wave 1.

Table 7: Age of Board Members

	Wave 1 ⁸	Wave 2 ⁹
Average	56	56
Minimum	29	27
Percentile 25%	51	50
Median	57	58
Percentile 75%	63	64
Maximum	75	77

Figure 1: Age Distribution of Board Members



3.2 Time Served as a Board Member

When we look at time served on a board, we again find very little change between Wave 1 and 2. On average, directors served for about five years on their boards in both waves of the survey. In Wave 1, half of the respondents served between 2 years (25th percentile)

⁸ N = 10

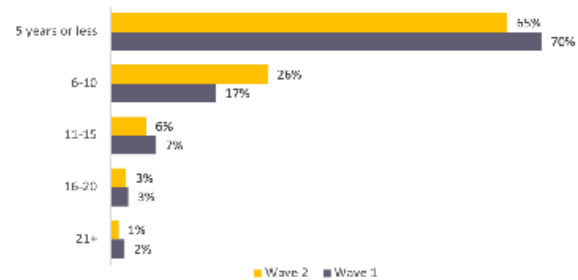
⁹ N = 10

and 6 years (75th percentile), while in Wave 2, half of the respondents had served between 2 years (25th percentile) and 8 years (75th percentile). Moreover, as seen in Figure 2, the proportion of directors serving more than 10 years fell to 10% in Wave 2 from 12% in Wave 1, suggesting that board tenure may be slowly ratcheting down.

Table 8: Years Served on the Board

	Wave 1 ¹⁰	Wave 2 ¹¹
Average	5	5
Minimum	Less than 1 year	Less than 1 year
Percentile 25%	2	2
Median	4	4
Percentile 75%	6	8
Maximum	39	24

Figure 2: Years Served on the Board



3.3 Representation of Members of Different Equity-Seeking Groups on Boards

The average number of female directors did not change from Wave 1 to Wave 2. In both surveys, surveyed co-operative boards reported an average of 4 female directors on their boards (See Table 9). On average, this represents one-third of co-operative boards.

¹⁰ N = 14

¹¹ N = 13

Meanwhile, the share of directors who are part of a visible minority group (see Figure 3) and Indigenous directors (see Figure 4) increased between Wave 1 and Wave 2. For example, the total number of visible minority directors across all 16 co-operatives increased to 6 from 2, while the number of Indigenous directors increased to 5 from 4 (see Table 9). There were also fewer surveyed co-operatives with no visible minority or Indigenous directors in Wave 2 in comparison to Wave 1 (see Figures 3 and 4).

Figure 3: Number of Visible-minorities Directors

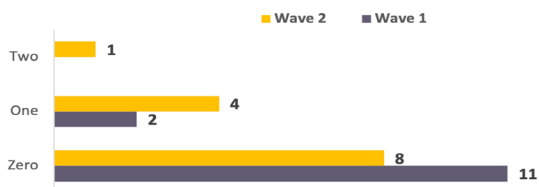


Figure 4: Number of Indigenous Directors

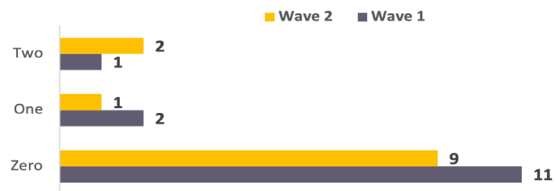
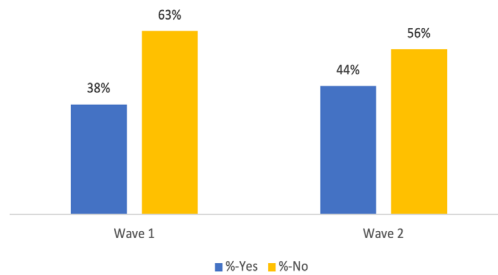


Figure 5: Diversity Targets



In addition, we found that 6% more co-operatives had set diversity targets in Wave 2 relative to Wave 1 (See Figure 5). In Wave 1, 6 out of 16 (38%) surveyed co-operatives reported having diversity

Table 9 Number of Female, Visible-minorities, and Indigenous directors

	Female Directors		Visible-Minority Directors		Indigenous Directors	
	Wave 1	Wave 2 ¹²	Wave 1 ¹³	Wave 2 ¹⁴	Wave 1 ¹⁵	Wave 2 ¹⁶
Total	67	61	2	6	4	5
Average	4	4	0	0	0.3	0.4
Minimum	0	0	0	0	0	0
Median	4	4	0	0	0	0
Maximum	8	8	1	2	2	2

¹² N = 15

¹³ N = 13

¹⁴ N = 13

¹⁵ N = 14

¹⁶ N = 12

targets, whereas 7 (44%) stated they had diversity targets in Wave 2. These targets aim to ensure representation across various geographical locations, genders, age groups, ethnicities, and cultures.

3.4 Outside Directors and Directors with Same-Industry Experience

As with many other aspects of co-operative governance, we find no change between the two waves of our survey in the share of ‘outside’ (i.e., unelected, non-member) directors on co-operative boards. In both surveys, we find an average of 1 outside director, while half had between 0 (25th percentile) and 2 outside directors (75th percentile).

Elsewhere, we found no change in the average number (6 people) of directors with sector relevant experience. Similarly, across both surveys, half of the participating organizations had between 2 (25th percentile) and 9 (75th percentile) directors with same-industry experience.

4. Board Compensation

Tables and 11 and 12 provide two sets of statistics for board chair compensation. The first set includes

a very large co-operative where the board chair also served as the chief executive officer. The second set removes this co-operative from the sample to provide a more balanced view of compensation amounts in Wave 1 and Wave 2 co-operatives. In the full sample, for example, the maximum board chair compensation comes in at more than \$3 million; removing this outlier co-operative drops this maximum to \$300,000 in Wave 1 and \$450,000 in Wave 2. Some but not all other statistical measures are similarly affected by omitting this outlier.

When we consider the inclusion of the large co-operative (table 11), over the Wave 1 and 2 periods, we found that median board chair compensation increased by 28% to \$51,365, while we see on Table 12 that the median compensation increased by only 4% to \$40,000. Table 12 further reveals that board compensation increased more significantly amongst co-operatives at the top 25 percentile. For instance, the largest co-operative increased compensation to their board chair by 50%.

Over the same time, median director compensation increased 15% to \$30,000 (see Table 13). We did not find any evidence of significant increases in vice-chair compensation²⁰ however.

Table 10: Types of Directors

	Outside Directors		Same-Industry Experience	
	Wave 1 ¹⁷	Wave 2 ¹⁸	Wave 1	Wave 2
Average	1	1	6	6
Minimum	-	-	-	-
25%	-	-	2	2
Median	1	1	6	5
75%	2	2	9	9
Maximum	4	4	14	13

¹⁷ N = 15

¹⁸ N = 14

Table 11: Board Chair Compensation (N = 14)

	Wave 1	Wave 2	Percentage Change
Average	\$264,434	\$297,602	13%
Minimum	\$11,920	-	-
25%	\$22,000	\$33,760	53%
Median	\$40,000	\$51,365	28%
75%	\$90,000	\$125,940	40%
Maximum	\$3,005,906	\$3,005,906	0%

Table 12: Board Chair Compensation¹⁹ (N = 13)

	Wave 1	Wave 2	Percentage Change
Average	\$68,614	\$89,271	30%
Minimum	\$11,920	\$0	-
25%	\$21,000	\$32,880	57%
Median	\$38,390	\$40,000	4%
75%	\$78,375	\$81,060	3%
Maximum	\$300,000	\$450,000	50%

Table 13: Director Compensation

	Wave 1	Wave 2	Percentage Change
Average	\$25,296	\$29,882	18%
Minimum	-	-	-
25%	\$12,000	\$14,755	23%
Median	\$26,000	\$30,000	15%
75%	\$32,000	\$41,950	31%
Maximum	\$60,000	\$65,000	8%

¹⁹ Of the surveyed co-operatives, one had their CEO also serve as their board chair. The board chair remuneration reflected the CEO salary and created a noticeable outlier. Table 12 comprises a revised table that omits this particular co-operative to reduce the outlier effects.

5. Conclusion

This report presents some novel findings that provide insight into how co-operative governance practices are evolving. While many features of co-operative governance were unchanged over the two survey waves, we make three important observations:

- Median base compensation for board chairs and directors increased over the three years between the Wave 1 and Wave 2 survey by 28% and 15% respectively, exceeding a 10.2% increase in inflation over the same period.
- There is some tentative evidence that co-operative boards are becoming more diverse and younger.
- There is little evidence, so far, that co-operatives are radically overhauling their board composition to include new, outside and unelected members despite increasing opportunities to do so due to recent policy changes²¹.

Ultimately, this report's findings reinforce the underlying objectives of our survey, namely to help co-operatives benchmark and reflect on their governance practices. As part of this project, participants of the survey can conduct their own benchmarking analyses through the [Canadian Co-operative Governance Dashboard](#). The next wave of the Canadian Co-operative Governance survey is planned for 2025. We hope it will garner even more participation amongst returning co-operatives so that we can continue to benchmark and report on changing governance practices over time.

References

Spencer Stuart. 2023. 2022 Canada: Spencer Stuart Board Index. <https://www.spencerstuart.com/-/media/2023/may/canadabi/bi-ssiboardindexcanada.pdf>

Statistics Canada. 2022. "Representation of women on boards of directors, 2019." <https://www150.statcan.gc.ca/n1/daily-quotidien/220518/dq220518c-eng.htm>

²⁰ In Wave 1, the median vice-chair compensation was \$11,270. In Wave 2, the median vice-chair compensation was \$11,200.

²¹ While we have not done a comprehensive scan of rules around non-elected board members, we do know that Ontario in 2021 revised its rules to allow a credit union's chief executive officer (CEO) to serve as a board member, mirroring practices for federal banks (including federal credit unions). We also know that Manitoba in 2022 changed its rules to allow up to two non-elected (i.e., appointed) board members on a credit union board (See: <https://web2.gov.mb.ca/bills/42-3/b022e.php>).

ABOUT THE CANADIAN CENTRE FOR THE STUDY OF CO-OPERATIVES

The Canadian Centre for the Study of Co-operatives (CCSC) is an interdisciplinary research and teaching centre located on the University of Saskatchewan campus. Established in 1984, the CCSC is supported financially by major co-operatives and credit unions from across Canada and the University of Saskatchewan. Our goal is to provide practitioners and policymakers with information and conceptual tools to understand co-operatives and to develop them as solutions to the complex challenges facing communities worldwide.

We are formally affiliated with the Johnson Shoyama Graduate School of Public Policy at the University of Saskatchewan and the University of Regina. The connection strengthens the capacity of everyone involved to develop research and new course offerings dedicated to solving social and economic problems. Our most recent collaborative work has resulted in a new Graduate Certificate in the Social Economy, Co-operatives, and Nonprofit Sector.

OUR FUNDERS

The Canadian Centre for the Study of Co-operatives (CCSC) and the University of Saskatchewan acknowledge with gratitude the support and commitment of our funders.

These organizations provide the CCSC with resources and leadership, helping us to develop the knowledge needed to construct co-operative solutions to the increasingly complex challenges facing global communities.

Our co-op and credit union sector partners have contributed nearly \$12 million to co-operative teaching, research, and outreach since the CCSC opened its doors in 1984.

PROUDLY SUPPORTED BY





Canadian Centre for the Study of Co-operatives
196 Diefenbaker Building, University of Saskatchewan, Saskatoon SK, S7N 5B8
(306) 966-8509 <http://www.usaskstudies.coop>