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GOVERNANCE STRUCTURE AND SUPPLY CHAIN MANAGEMENT

PRACTICES IN THE DAIRY VALUE CHAIN:

A comparative study between New Zealand and Brazil

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ABSTRACT

The modifications that have been occurring in the world marketplace, which translate to a higher level of competition between organisations, have required a rearrangement in how various economic sectors manage their production activities. The new way of thinking about organisational positioning takes into consideration concepts of integration and collaboration, where the quality of the relationships between business partners assumes a critical importance. The dairy industry is of extreme importance to the economies of both New Zealand and Brazil. In New Zealand it contributes to about one quarter of the export earnings of the country, while in Brazil it is an important source of income and employment. The purpose of this exploratory study was to better understand the dairy industries in these two countries and to investigate how governance structures and supply chain management practices may influence the relationship between dairy farmers and their co-operative. A multiple case study approach was used, investigating two dairy co-operatives: Fonterra Group, in New Zealand, and Cooperativa Itambé, in Brazil. The results indicated that the dairy sectors in New Zealand and Brazil have different characteristics and levels of maturity. In addition, it was revealed that governance structures and supply chain management practices can have a significant effect on the relationship between dairy farmers and their co-operative by contributing to improving the integration of milk suppliers and the company while developing in farmer suppliers a sense of trust and commitment to the organisation.

Keywords: dairy value chain, governance structure, supply chain management, dairy co-operatives.

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