Monetary Equilibrium and Mutuality Analysis of Italian Wine Cooperatives.

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The organization into cooperatives especially in the agricultural sector have always been of great importance for protection and benefit of small rural realities that alone wouldn’t be able to survive and compete on the market. In Italy, according to the existing legislation, to favour the development of cooperative initiatives, there are specific tax and law facilitations, in relation with the fact that cooperatives shouldn’t have as their main aim to maximise profit but to favour members and indirectly bring benefits to the entire community (Romano, 1991). Cooperation is present in many business sectors; in the agriculture sector, cooperatives accomplish tasks such as picking, processing, transformation and selling of agricultural goods brought-in by producers-members. Economically speaking, they have many differences compared to joint-stock companies, both regarding structural aspects and objectives. They transform goods produced by members that are remunerated depending on product’s quantity and quality. According to the italian law (D.lgs.n.6/2003), there are two types of mutuality: prevalent when the cooperative firms stipulates contracts mostly with members (>50% of the total goods, in quantity or value, come from members) and the business is carried out to achieve benefits for members exclusively; non prevalent when the business is open also to others rather than only members (>50% of total goods come from members). By law, profits obtained during the exercise of the business have to be in most part reinvested within the company, or go to mutuality funds settled for promotion and development of new cooperatives (Law n.59/1992). The assets are not simply result of difference between proceeds and explicit costs, but from a subjective attribution of the profit to members’ brought in goods. This value is recorded as part of the production costs. The objective of this work was to analyze the performance trough years (2003-2008) of 28 wine cooperatives of different Italian regions, together with their mutuality approach, for a total of 168 balance sheets. A problem faced during the development of this work regarded availability of exact data of quantities and costs of brought-in by members’ goods and purchased by third-parties; since the italian law doesn’t oblige cooperatives to declare this. Main financial indexes were calculated and a cluster analysis was carried out on the results. For year 2008, cooperatives were divided into highly exposed (46%), precarious (46%) and firm (8%), with an unvaried trend during the years for 75% while 25% worsen. The study underlines the strength of the phenomenon of prevalent mutuality in the Italian wine cooperatives (none of the cooperatives taken into consideration is non prevalent, they declare that over 50% of quantity or value of products transformed come from members) and there is no change during the years. The asset result doesn’t give us information about the positive or negative performance of the cooperative, since the objective is not to maximise profit but to sustain members and maximise the payment of their goods. The fulfillment of this objective goes in the production costs items, but still it gives us indications on the way mutuality is conceived. The 75% of balance sheets break even, mostly almost perfectly, as if it was calculated perfectly to maximise the payment of members goods. Throug the development of a Gamma coefficient, a significant relation was measured between monetary equilibrium and the mutuality policies. We still need further analysis to understand how the two phenomenons are connected and main reasons.