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## **The institutional characteristics of farms and farms associations**

Contribution to an Institutional Approach to the research on quality relationship between single and collective subjects of the agro-food system

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## **The institutional characteristics of farms and farms associations**

Contribution to an Institutionalist Approach to the research on quality relationship between single and collective subjects of the agro-food system

### **ABSTRACT**

*Two methodological instruments are presented here which serve to measure the quality of entrepreneurship and to analyse the decision-making process in agriculture, or in general in agroindustrial sector. These two methods are tied to the need for professional entrepreneurial training, and to the analysis of possible public incentives and the founding of agricultural cooperatives in the activity of agricultural businesses. The rules of entrepreneurship in the social and economic life of local production are analysed as well.*

### **1. INTRODUCTION**

With this article we mean to bring a methodological contribution to the analysis of both the behaviour of businesses and of the relationships (which are culturally determined) among the economic subjects of the agroindustrial system, specifically regarding associative integration. Actually, a substantial part of such relationships concern the local farmers' associations of every local territory. The key words of the approach lie in the concepts of complexity, holism, system, dynamics, interdependence, anthropological and socio-cultural environment, entrepreneurship and learning. We must clarify however that these concepts and references have been utilized up to now in only a partial manner or as an implicit reference. In any case and above all from a research perspective, it necessarily follows that the study of phenomena taken into consideration must be multi-disciplinary; it is here that the first concrete problem arises in terms of the limited knowledge of each single researcher as well as the limited collaboration among researchers from different disciplines due to different languages and methods of working. However, we believe that the path to pursue is

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the one above mentioned and that it can be brought back to the tradition of institutional economics [6]. In this context institutions means the behavioural norms (customs, social habits, laws, contracts, etc.) shared by subjects of a socio-economic system, which are routine but also subject to evolution. Furthermore, different subjects tied by those norms come together to form organizations, or institutions in a concrete sense, (e.g. families, businesses, cooperatives, parties and other). This last reference also highlights the existence of a connection between individual behaviour and collective behaviour in different degrees of interrelationship.

Some collective behaviours were personally studied on the descriptive level of the producer associations' forms of functioning in Italy [8] and of the cooperatives in Tuscany [12], while there was also an attempt to define a qualitative and relative measure of the farmers' degree of entrepreneurship and of their attention to strategic choices. The empirical methods which were used permitted the knowledge of apparent behaviours to be studied more thoroughly without also trying in this first phase to characterize the structure at a deeper level. However, the analyses cited were able to propose instruments that possess a validity regarding not only the operative business plan, but also the economic and the training policies addressed to agricultural businesses. In a second phase we came to a proposal of a model with a certain interpretive content of the formulation of the entrepreneurial decisional process. From this we will move to propose its extension to the study of the relationships among businesses and associative structures of the agroindustrial system.

## **2. INSTITUTIONAL BASED INSTRUMENTS**

We want to partially and briefly trace a personal methodology to underline the importance of an empirical approach which, freely taking from the orientation of standard economics, seems to have induced a more diverse view of reality and of the behaviours of the economic subjects. None of this is new to the social sciences, but perhaps it has added a model of reference, (certainly yet to be implemented and discussed), which is interesting for the interpretive and normative aspects it involves.

### **2.1. Degree of entrepreneurship**

Some terms can not be explained unequivocally in a few words. One of them is "entrepreneurship", a term which goes beyond those same words from which it derived, enterprise and entrepreneur. The great schools of economics have conflicting opinions about its definitions. Hereafter, we avoid to fully illustrate the terms of the controversy, mentioning only what is related to our subject.

According to the neoclassic formulation, the entrepreneur is an economic subject endowed with perfect knowledge and perfect rationality who organises the productive resources in order to maximise profits by means of cost minimisation. In this case, there is no point in talking of different levels of entrepreneurship: an entrepreneur is or is not. Moreover, he has no conditioning power on the market because his offer represents only a very small part of the market itself.

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Alternative formulations follow models which sometimes largely diverge, even though they share some basic features which specifically describe the enterprise as a complex organisation of economic activities and agents, lacking in perfect knowledge and rationality, able however to affect the outside circle as well as the market, or at least to alternately interact on this process. These approaches, however, take only the large and very large national enterprises [3] and multinational companies into consideration, also because the general economic system seems to be focused on their policy; by explaining their structures, strategies and internal relations one explains also the primary and decisive elements of the capitalist system. In other words, the effects of their policy have repercussions on operation and behaviour of all other economic subjects, especially smaller enterprises: induced activities, oligopolistic price, available technology are all factors which contribute to such a close dependence. We believe, however, that these relations have not been taken in due consideration, and certainly they are not as far as agriculture with backward and forward connections are concerned. Agricultural sector, according to the traditional theoretical approach, should correspond to the perfect competition market. It is difficult, however, to explain how an enterprise can result of pure competition when it continuously competes with economic subjects belonging to the oligopolistic market. The agriculture sector is characterised by integration in economic (co-operative organisation, co-operation, collective bargaining) and political relations (agricultural backing policy and direct aid, social policy of income transfers etc.) which modify and distort the perfect competition model. The fact is that our agricultural entrepreneur, although close to the atomistic behaviour provided by the model, is a real entrepreneur with limited rationality and imperfect knowledge. To free himself from individual isolation, he finds collective tools of economic and administration management. A wide range of professional levels, i.e. "different levels of entrepreneurship" is consequent of such a position.

Our purpose was to define the meaning of the term entrepreneurship and to estimate it as a degree of entrepreneurship. Since the very beginning, we provided a classification of the farms by reconsidering blocks of questions posed to the interviewees during our research. We will illustrate the process which brought us to classify nine types or degrees of theoretical entrepreneurship and to define as many types of farms to which the same analytical procedure was applied.

We have explained above the meaning of entrepreneurship by referring it to the variety of individual choices within a context of imperfect knowledge of oneself and one's own surroundings (markets, institutions). More difficult is to assign a positive or negative value and a relative measure, not only because of the arbitrariness of the reference scale. Such an evaluation implies a good deal of randomness, subjectivity and complexity, especially when judgement is not based on the overall answers of each interviewee, and the relation between individual choice and the whole of choices of all entrepreneurs in a specific area of reference is not taken into due consideration. Notwithstanding all these difficulties, two main series of factors to qualify entrepreneurship have been singled out:

- a) cultural factors and entrepreneurial self-identification (self-esteem), i.e. the "subjective point of view" of entrepreneurship;
- b) structural factors such as adopted technology, investment policy, extent of opening to partnership, i.e. the "objective point of view" of entrepreneurship.

The variables under consideration are the different questions which provided a series of predetermined answers with increasing cultural and structural contents. The scale of value

and relative score which were formulated might result subjective and open to questions; certainly they depend on the analyst himself (and his limitations in rationality and knowledge), but also on a few basic convictions which rest on current methodologies of strategical analysis [1], marketing [16] and analysis of productive systems [4].

Two indexes of evaluation are provided [9], as illustrated below, on the basis of the different qualifications of entrepreneurship; finally, each farm will be defined by two judgements which will position it on a scale representing the "overall degree of entrepreneurship".

I) Index of entrepreneurial self-identification (IES) (self definition of the interviewee):

1. Socio-economic size of the farm (gross product, GP)
2. Meaning of the term "economic performance"
3. Economic dimension of the farm (GP) in comparison with the farms in the area
4. Economic family dimension in comparison with the families in the area
5. Definition of individual "main occupation"
6. Definition of "farm entrepreneur"
7. Definition of "innovative entrepreneur"
8. Fixing of the "farm boundaries"
9. Degree of productive integration with other farms
10. Degree of market integration
11. Definition of the term "human resources"
12. On which human resources your farm can rely
13. Meaning of the term "strategic choices"
14. Elements of production planning
15. Tools to verify management performance
16. Definition of "marketing"
17. Which products have been promoted through marketing
18. ...and how
19. Which is the main goal pursued by the farm activity
20. Predictable future destination of the land

II) Structural index of entrepreneurship (SIE):

1. Total GP per Ha
2. Total GP per Human Labour Unit
3. (GP-Monetary Cost) per ha
4. (GP-AC) per HLU
5. Farm investment and propensity to invest in acquisition of land
6. Do., in all-purpose tractors and other machinery
7. Do., in various mechanical equipment (milking, mills, etc.)
8. Do., in irrigation systems
9. Do., in livestock
10. Do., in tree implantation (vineyards, olive groves, orchards, etc.)
11. Introduction of organic production or other innovating products
12. Offer of agritourist services
13. Active rent service to farms
14. Do., to non agricultural activities

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15. Ownership of self-propelled machinery
16. Work of third parties
17. Technological level
18. Membership in co-operatives
19. Type of co-operatives
20. Membership in product associations.

The two indexes can be rearranged to form a syntetic reading. As regards aggregate classes, evaluations can be summarised as follows (the first letter refers to the IES index, the second to the SIE):

- the LL farms are to be considered in every respect as marginal;
- the ML's are those farms whose owner is partly "discouraged", finding himself squeezed between the average level of self-identification and the impossibility to bring about any structural change in the farm management;
- the LM farms are characterised by an evident connection between scarce intellectual capacity and negligible structural intervention;
- the MM farms are numerically well represented and their various factors are well balanced (this being a distinguishing factor); at the same time they do not provide any particularly advantageous situation; on the contrary, farms result "medium" at low values on the theoretical scales;
- the MH's are following an individual course, which is highly productive in terms of professional commitment. They are almost one sixth of the group; it is only evident that a small effort in the field of entrepreneurial training would be sufficient to improve their activity and to achieve important results on a social level;
- the HM farms represent another positive aspect of the group; already showing a remarkable sense of self-identification as well as a noticeable business knowledge, yet they have to overcome a few structural problems;
- finally, the HH farms show all requisites to be able to pursue more ambitious goals and to attract attention as far as financial support in the economical and training field is concerned.

In conclusion, this new enterprise classification allows for an increase in our knowledge of the agricultural reality with a shift from the classic formal categories, to more substantial ones that concentrate on entrepreneurial behaviours. This should permit a more exact identification of the enterprises' needs in terms of financial aid and training policies. The next paragraph is dedicated to this topic.

#### **2.2. Entrepreneurial training requirements: the ETR index. Training system to agribusiness system**

The measure of the farmers' entrepreneurship attained by experience can be implemented with appropriate programs for further professional training.

This bring us to draw a general plan of professional training for the development of farmers' entrepreneurial capacity, which might be opened to other operators of the agroindustrial system. One of the key elements of this approach is each farmer's capacity to master innovating cultural tools. Thus, a key problem is how to make the increasing flows of information easily available to all. However, in our opinion entrepreneurship is not an

individual interest but rather it amounts to the diffusion of a business culture among operators in the agricultural sector and agribusiness. Of course, most of them will be farmers, but managerial staff of cooperatives and associations will be included, as well as all the economic subjects which have commercial relations with the farmer. Self-employment will amount to entrepreneurship, qualified subordinate employment to managerial quality.

The reference to agribusiness is a necessary one, since only referring to the network of relations which links the interacting economic subjects it will be possible to define the training activity.

Evidently it is not possible to turn all factors of reality into only one concept, however fundamental such as the training. A given mentality is composed by multivarious (even contrasting) elements which hold a historical significance, i.e. conditioning from the past and also potential change through the generations into the future.

The question is how to begin a process of changes in the entrepreneurial understanding of traditional enterprises (agricultural, commercial and industrial) and in their derivative organisations, without simultaneously providing economic, structural, social and commercial policies which, by changing the frame of reference, necessarily increase entrepreneurial ability, because of generation turnover and social mobility.

To assess the requirements of entrepreneurial training in the farms we can begin from the answers given on this subject. Of course these only reveal in which way farmers recognise the problem, but in order to estimate its real dimension several factors are to be taken into consideration.

We provided an index of "entrepreneurial training requirement" (ETR) on the basis of the following factors:

Index of Entrepreneurial Training Requirement (ETR):

1. Class of farm surface (UFS)
2. Total degree of entrepreneurship (IES + SIE)
3. Class of the relation GP/HLU
4. Definition of "farmer"
5. Definition of "innovating entrepreneur"
6. Aim of the farm's agricultural activity
7. Forecast destination of the estate
8. Promotional activity
9. Educational qualification of the working farmers
10. Age of working farmers
11. Intention of the head of the family to continue farm activity
12. Use of technology
13. Level of interest in training
14. Offer of agritourism services
15. Membership of co-operative systems.

A brief explanation of how we intended this index is necessary. Increasing score is given to the increasing number of answers in the "positive". For example, a high score is given to degree certificate and a low score to elementary school-leaving certificate; according to age (the younger the highest) or to dimension (larger surface) etc. This method could seem a

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contradiction to those who think that training courses should be especially intended for the less prepared or the less successful individuals. The reasons of our choice arise essentially from one unique consideration, i.e. the effective ability to receive training and to really use it. In fact, the index highlights a structural difference in the growth and opening potential of the farms which must be taken into account when providing training programmes. Moreover, the target is not to select a group of "advanced" farmers on which to concentrate all financial and organisational efforts, rather to provide programmes which could satisfy the specific requirements of the different groups of farmers.

This last, in turn, should imply a more general aim, given by an overall plan of agricultural and agroindustrial development. From this plan, the improvement of human resources should also arise. We are certain that when training activity is separated from a more composite growth of the agricultural sector, only few individual cases can benefit from it. Our analysis has to be viewed as a specific section concerning agriculture within a wider context, namely that of a real "training and entrepreneurial policy" in a whole province. In support of this approach, we want to emphasise the need to train the greatest number of operators which are interested in the viability and the growth of their farms, since development of entrepreneurship has to contribute towards the adjustment of the agricultural sector to a more dynamic situation of the system and the market. A more diffused knowledge can speed up the flow of information towards the enterprises and among the enterprises themselves at all levels, for a global development of the agroindustrial system based on following principles:

I) professional training must aim to create a "widespread entrepreneurial mentality", an open-mindedness on the part of the farmers to the general principles of business and marketing strategies;

II) the managerial training must extend to managers of cooperatives and producers associations so as to not only guarantee business success for the members, but also serve as an incentive for refining their skills in development and in further developing other growth processes. After all, managers accomplish a series of tasks that the single farmer could never deal with because of the limited size of his farm and because of his nearly total involvement in the routine activities of the farm. As a matter of fact, such duties require a global view of a strategic character which cannot be taken on by a single farm, but rather by a group of farms in a certain territory. From this arises the insistence on the need for more integrated relationships among agricultural enterprises;

III) the same type of cultural intervention must concern the agroindustrial and commercial enterprises. As known, also in this case, the Italian agroindustrial system suffers from structural and cultural weaknesses which hurt businesses in the foreign market as well as the domestic market. Here the implementation of specific training programs by sector and filière phases, as well as interaction among courses for operators from different spheres and sectors (for example cooperative managers and wholesale dealers in the produce sector) could be effective.

The hypothetical orientation of the entrepreneur training courses is so wide and addresses all of the interrelated components of the agroindustrial system, so as to qualify as a real "program of entrepreneurial training". We justify this view asserting that there is a need to spread knowledge to a greater number of operators who are involved in the survival of their farms. Thus the conditions for an acceleration of the information flow toward and among the farms is created. For example, the marketing challenge in the fresh produce sector

cannot be won in foreign markets if there is not both a cultural as well as structural growth on the part of the farmers and the wholesale dealers. The farmers need to adequately coordinate among themselves; this depends on the mentality and cultural level of the farm as well as on the managerial skills of the associations' heads. The wholesale dealers, on the other hand, must rid themselves of the traditional image of "astute" small business merchants.

### **2.3 Strategic levels of agricultural enterprises. Proposal for an operative strategic instrument (PSOE).**

The insistence on the qualitative diversity of entrepreneurship and its training brings about a need to study the farms' manner of responding to the pressures that come from the environment [10]. The theoretical strategic approaches highlight the fundamental factor of the development of conscience the entrepreneurs need to have toward their business, toward their own role, and also toward the concepts of the science of economics, which allows for a better understanding of the decisional process. Therefore, for every entrepreneurial case there is a need to define the reference to the farm's: cultural level, human resources and its relative organization, and control of its business activity [17]. Only in this way, through a dynamic learning process, can an explicit strategy be formulated for the enterprise. The strategic plan that arises from this activity requires not only concrete and measurable indications that are coherent with the fundamental goals of the entrepreneur, but also a reliance on the instruments of knowledge of the operative scenario and the enterprise itself. The general strategy includes several factors like the knowledge of productive and marketing techniques. Different factors can be emphasized more than others according to the circumstances. However, a global analysis of the life of the enterprise must always be taken into account. In this way it is likely that the commercial goals are pursued more intensely with respect to those of production and technology. At any rate the strategy must take into account the external world which involves a whole of interdependent and integrated relationships with other agricultural and agroindustrial businesses.

In this environment the agricultural enterprises dealt with seem to adapt to the changes. In an essentially empirical way and on the basis of a series of information taken from specialized periodicals, and from direct relationships with other economic operators and professional organizations, ideas regarding progress in technique and the availability of new products and services are taken into consideration. Investments follow if the information seems to demonstrate economic feasibility with only partial changes. A verification almost never occurs after the changes have been implemented. This behaviour could be defined as "strategy of adaptation" which is characterized by a relatively static and incomplete approach.

On the contrary, some enterprises in the sector already lend attention to the market through their own studies although they are limited to an area defined by their customers, specific marketing actions, especially promotions and presence at events promising exposure (also traditional events such as fairs and markets), development of public relations, and active efforts to make contracts with sales channels. Basically this activity could be defined as "marketing-based strategy" because it essentially addresses sales. Its character is dynamic even though it favours only a part of the entire strategy.

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At last we can define a situation of "global strategy" which occurs when an enterprise carries out a complete and coherent inventory of its responsibilities in which it can define its own role, its expectations, and its organization. The development of an integrative strategy is also part of this orientation. This occurs when the enterprise views its behaviour within the relationships that condition the value of the offering in the local and sectorial area. Hence an optimal theoretical position is reached; that is, global, dynamic and interdependent.

Summarizing briefly:

- 1) strategy of adaptation: changes occurring after the environmental changes in the scenario have settled; essentially technological innovations;
- 2) marketing strategy: development of degree of openness to the environment and the market; marketing and organizational innovations;
- 3) global strategy: capacity to control business operations as a whole; innovations in the enterprise system.

In all the cases researched in the fields of agriculture (farms and cooperatives) and the agroindustry (small and medium sized industry, local wholesale dealers) we were able to identify average or below average strategic activity which was almost always of an operative and adaptive nature. It follows then that public aid policies for entrepreneurship in the agroindustrial system contain two important supporting elements: the first refers to integrated professional training, in the modern sense of development of enterprises' managerial skills in the different filière phases of the agroindustrial business, as seen in the previous paragraph; the second goes through new procedures for public subsidies. In this last case the basic criteria for the agricultural entrepreneurs' access to public funds must be based on efficiency and on the rewarding of acquired skills, on realistic potential, on the commitment to the improvement of the quality of the business's human resources, and finally on the intentions to act collectively to increase the value of the offering of local agroindustrial packages. The enterprise's plan for access to public funds should be presented as a strategic and economic analysis, definable as a program of strategic orientation of the enterprise (PSOE), and which shows a real capability of responding to individual and collective needs. The final objective of public intervention is then conceived through two viewpoints: the first is a need to increase the enterprises' individual capabilities to interpret and respond to the needs of the consumer or of the intermediary buyer, and the second is to renew the capability to interact with the market through interdependence among local enterprises. On the conceptual level, the ties just mentioned among individual enterprises, groups of enterprises, public administration, financial aid policy, market and consumers and finally the general collective interests repropose a reading of economic phenomena concerning relationships and institutional categories.

#### **2.4 Knowledge of the enterprise's decisional process. The model EPLAV**

The continual references to the aspects of learning and strategy, as well as the epistemological and interdisciplinary considerations, deepened our understanding of the

nature of the enterprises' decisional process in the certainty that only a knowledge of the entrepreneurs' more internal aspects can help bring about political instruments of aid on the part of the public administration and on the associative movement.

Since businesses interact with their environment and with events, it is possible to identify a cognitive process that is activated through the perception of events. In turn there is some adaptation that will be evaluated with instruments of estimation and calculation [11]. Shortly we can draw a chart of this type (EPLAV model):

(EVENT-PERCEPTION-LEARNING-ADAPTATION-VALUATION)

Its linearity, with a starting and end point, is only an appearance; in reality, we must picture a different chart which goes beyond the circular or feedback type approaches. As a matter of fact, we were struck by the ambiguity of the words in that a certain phrase, a certain affirmation can not be classified in an unequivocal manner in one of the five categories of the decisional process. Therefore the decisional process appears to be the fruit of a unitary mental process that can be divided up only with great difficulty and for the sake of convenience. Beyond this there is one further difficulty; indeed, if the process itself is closed in the mind of each individual, it is also true that the individual has relationships with other decision-makers and that the same way of relating to others and to environmental stimuli is part of the social system. Therefore, we would like to emphasize that a thorough analysis should take into account that the same events concern different structural levels or different units such as the different family members, as well as the cooperatives, the producer associations, the professional organizations, the local administration with whom the agricultural entrepreneurs share common interests. The understanding of the cultural environment is a determining factor in an attempt to explain a single decisional process. On the operative level all of this allows for the identification of interdependence mechanisms for the valuation of local agroindustrial production.

With this said, we claim that it is possible to work on the pseudo-linear representation of the model starting from the occurrence of the event. However, we must consider that every concrete analysis will include a large series of interconnected relationships. Another characteristic of the model to consider is its historical nature; in fact this represents the enterprise's current state resulting from a series of decisions taken through time as well as its behaviour concerning decisional problems.

The strategic approach that springs from the above-mentioned approach (holistic and institutional), allows the main determining factors of the decisional process to emerge. Since the particular nature of every farming unit does not strictly follow the set rules, the choice-making process assumes a meaning of creativity. Given the complex nature (both uncertain and dynamic), of the phenomena, many of the events present themselves in terms of randomness, which are also subject to relationships of causality.

Here true opportunities can be accepted taken or rejected, but a choice is always made subjectively and therefore creatively. Of course this choice does not appear arbitrarily, but rather corresponds to certain decisional processes or also to an entrepreneurial logic which is always coherent with personal basic principles, axiomatic truths of the business.

A clarification. We must add finally that the results of the analysis are the overall view of the interaction of various individuals (in our case, family members) involved in the enterprise. The whole of these affirmations is not the fruit of a sum of single

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considerations, but rather a coherent system of evaluation and shared beliefs. This internal world corresponds to an outside world which is just as complex.

Following are the results of the two research projects that exemplify the route that has been outlined up to this point. On one hand, they highlight the agricultural enterprise's attitude toward the associative and the wholesale world; on the other hand, they define a world of relationships among different subjects who gravitate to a particular socio-economic environment.

The farm which was analysed highlights one of the biggest problems relative to the associative entities' incapacity to guarantee efficient support to the associate members. Another big problem are the delays in the modernization of commercial firms. In particular, the enterprise studied expresses (Graph. 1):

- a precise conception of its dependence on the external world, both on the agrarian and agroindustrial policy, and on their relationships with various associations and with the other economic operators of the system;
- a mistrust of administrative, managerial and informational competence on the part of the political and associative structure's officials which causes a bitterness toward some basic ideals; this resulting attitude can help explain the determining factors in choosing between responding collectively or individually to the problems of the market;
- a capacity of individual response to the problems of uncertainty and risk that is determined from the innovative intelligence and from the ability to seize and exploit opportunities that increase the value of the firm's products (direct channel and agritourism);
- the place of direct sales constitutes the physical and conceptual location for learning (through a process of trial and error and small market surveys) of a new dealership know-how.

The enterprise, in conclusion, notes more than once the profound disillusion and suspicion toward the executive body and technical specialists of the cooperatives which are considered bureaucratic by origin and tradition without being a real means of support in regard to the producers' problems. The graph has examples to support these assertions that generally concern the planning and contractual incompetence (the case of the potatoes) in the social structures and often their total moral irresponsibility as well (the case of the cantaloupes).

The obvious consequence of such a situation, (experienced with a sense of disdain and regret on the part of actors who ideally would tend to work together), is the exit (Hirschman, 1988) or the initial failure to enter into various associative forms. Actually this affirmation was then contradicted. At first the farm was member of a local milk cooperative for industrial use from which it disassociated only to join a new regional association; certainly it is the EC policy that brought this about in order to implement national control of price regulation over production. The farm chose the organization because they shared a certain ideology and also because of the considerable price hike resulting from a collective regional contract with the Central Dairy of Florence. With regard to this, it must be said that the current directing body possesses true professionalism. Furthermore, the tendency to form associations was measured in the case of the Emilia-Romagna group of fresh produce farmers in Bologna. At last, with regard to the wine business; the business sells on its own, but also benefits through its membership to the wine producers' association (purchase of various means of production at reasonable prices and access to reserved information on market opportunities).

With respect to the choice of using a wholesale dealer, even if its in contrast to the inefficiency existing in associations, the chart clearly demonstrates the evolution that wholesale dealing underwent. Wholesale dealers supply a series of services and guarantees (prices on the purchasing side and forms of immediate payment on the sales side) which the cooperatives do not guarantee. On the other hand, there is a price policy that betrays the traditional shrewdness of the businessman. Therefore, the wholesale dealers' strength, but also their backwardness as well as the associations' weaknesses, bring about the need to seek alternative forms of distribution (as in the case of the fresh produce market outlet in Bologna).

The continual references to the enterprise's relationship with the outside world open up a discussion of a model which is capable of interpreting such relationships. The second part of research project we referred to [Malevolti and Menghini, see] had already pointed out what could be the different perceptions and responses of different organization levels of a cooperation system (Graph 2). A distinction was made between the regional cooperative association (with political, technical, financial, and in certain aspects commercial functions), individual local and sectorial cooperatives (operative in the transformation and sales of products and in the offering of services and products for agriculture) and farms of partnership ("the productive base"). In short, every level is subject to environmental pressures which are perceived as the result of the type of responsibility called for. It follows that also the typologies of learning must be adapted to the different structural levels. In synthesis, what is most striking is that phenomena of the agroindustrial system crisis are the main reason for the need for change of the cooperation, which, as an industrial enterprise, is open to the market and is effected more than other agricultural enterprises by both the pressure of competition as well as the lack of public support policy. Almost always the family run farm has the capability of weathering the crisis of the market through the reduction of implicit payments (especially labour) even though this projects the farms own problems onto the cooperative structure to which it belongs and from which the farm expects a response.

We will not enter further into other aspects, which the graph in any case synthesizes, if not to assert from a methodological viewpoint that some "facts" of the chart are input for certain structural levels and output for other ones. Actually the pay squeeze of the member farms (an event tied to the changes in the economic and political scenario) can be defined as pressure-event for the cooperative of membership as the efficiency and financial problems of the cooperatives of the system are problems- events for the regional association. This in turn is subject to the political pressure caused by public opinion concerning financial transfers toward structures that do not seem capable of efficiently utilizing the funds. This has to do with the learning aspects of a new culture of the enterprise which can develop only if all the different types of structures, from the more integrated one (managers) to the single members (agricultural entrepreneurs), become involved one after another. And so goes the process of horizontal references on the level of knowledge and adaptation processes, and of vertical references on organizational cooperative levels until reaching a general policy expression which is not directly included in the graph.

Thus we are able to assert the validity of the proposed model in interpreting enterprises' choice-making behaviour at any level, and also in extending it to the study of system relationships. The few indications exemplifying the ties among organization typologies

invite the study of the links and the interdependence among subjects above all on the level of the decisional process components (events, perception, learning, adaptation, and valuation). Only through a procedure aimed to "complicate" economics [5], in the sense of abandoning reductionary interpretive models, like the neoclassical one, is it feasible to respond with concrete proposals to enterprises and to the entirety of the economic and social system of the agroindustrial sector and to the world of associations (which more than others represents the interests of the agricultural entrepreneurs) as well.

### 3. CONCLUSIONS

The reference to Hirschman's conception enables us to close our contribution with a brief but closer look at the evolution in progress on the technological level.

Actually, technological trails are directed towards a same end: different technological chains are horizontally integrated and standardised by the great invention-innovation of electronics and its multivarious applications. Socio-economic studies, however, show the limits in the diffusion of the overall scientific and technological package which is virtually available to the farmers. These limits are established by the political climate, the amount of funds, and the cultural level of the human factor within a socio-economic situation which is uncertain but fraught with radical changes. This last reference puts forward a question: "who is in charge of the change?". In our opinion, the question has an inherent limit and a vice of a narrow and deterministic mentality. Change is indeed a fact, linked to historical processes to which the management of things uneasily adapt itself. On the contrary, the question is about the current ideological and mental position which reassuringly trends to simplify problems. And of course to provide a formula for each separate problem. But the farther analysis and research go into the study of human economic events, the clearer the limits of actual economic analysis arise, owing also to an increasing complexity. The attempts in explaining individual and aggregate human behaviours which are related to the evolution of economy, to transformation, to the use of innovating technologies, to the necessary everlasting training of the individual, highlight the need to use sociological and psychological tools of investigation. They also impose us to consider the impossibility of an all-encompassing knowledge or, in other words, to include ignorance among cognitive acquisitions. But of course this unpretentious deed, or rather this awareness, should not be an excuse for non-intervention in historical processes which are anyhow in progress. On the contrary it is the proof that the intervention itself has to be thought as more complex, interdisciplinary and sharing. We can sum up all this in a question similar to the previous one: "who is in charge of complexity?". Complexity is the principle and the point of reference which enable us to analyse the applications of technology thoroughly and also to provide an economic policy of intervention able to satisfy the requirements of economic operators, especially in a phase of wide ranging structural and market changes.

Obviously, as far as has been asserted to this point, answering this type of question means referring to an entire network of a society, both national and local, but mainly at the local level (from the homogeneous area to the province or the region) so that the various forms of associations and cooperatives can better assume a determining role in the formation of an innovative organizational culture and in the promotion of integrated actions for

increasing the value and the support of products which are locally and traditionally considered to be quality products.

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