

**Claude Ménard**

(Professor of Economics, Centre d'Économie de la Sorbonne)

**in cooperation with**

**Daniela Tocaceli**

(Centre of studies on economic organization of agriculture and rural development –  
Accademia dei Georgofili)

# **FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES**



GAIA

CENTRO DI STUDI SULL'ORGANIZZAZIONE ECONOMICA  
DELL'AGRICOLTURA E SULLO SVILUPPO RURALE  
ACCADEMIA DEI GEORGOFILII

GIORNATA DI STUDIO SUL TEMA

22 FEBBRAIO 2019

ACCADEMIA DEI GEORGOFILII

LOGGE UFFIZI CORTI - FIRENZE

**“COOPERAZIONE” E COORDINAMENTO DELLA FILIERA AGROALIMENTARE:  
LO STRUMENTO DELLE ORGANIZZAZIONI DI PRODUTTORI**

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (1) OUTLINE

**WHAT WE WANT TO SHOW:**

**INSTITUTIONAL CONSTRUCTION  
OF VALUE**

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (1) OUTLINE

... in relation to the theme of today:

**INSTITUTIONAL MODALITIES TO FACE RISKS**

by

**SHARING RESOURCES**

&

**BUILDING JOINT CAPABILITIES**

(if successful: rents to be shared)

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (1) OUTLINE

### OUR ASSUMPTION:

COOPERATION IS ABOUT MODALITIES FOR FACING RISKS

### OUR QUESTION:

WHAT DRIVERS CAN MAKE COOPERATION  
**SUSTAINABLE AND EFFICIENT?**

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (1) OUTLINE

### OUR ANSWER:

DRIVERS ARE EMBEDDED IN DIFFERENT

**INSTITUTIONAL LAYERS**

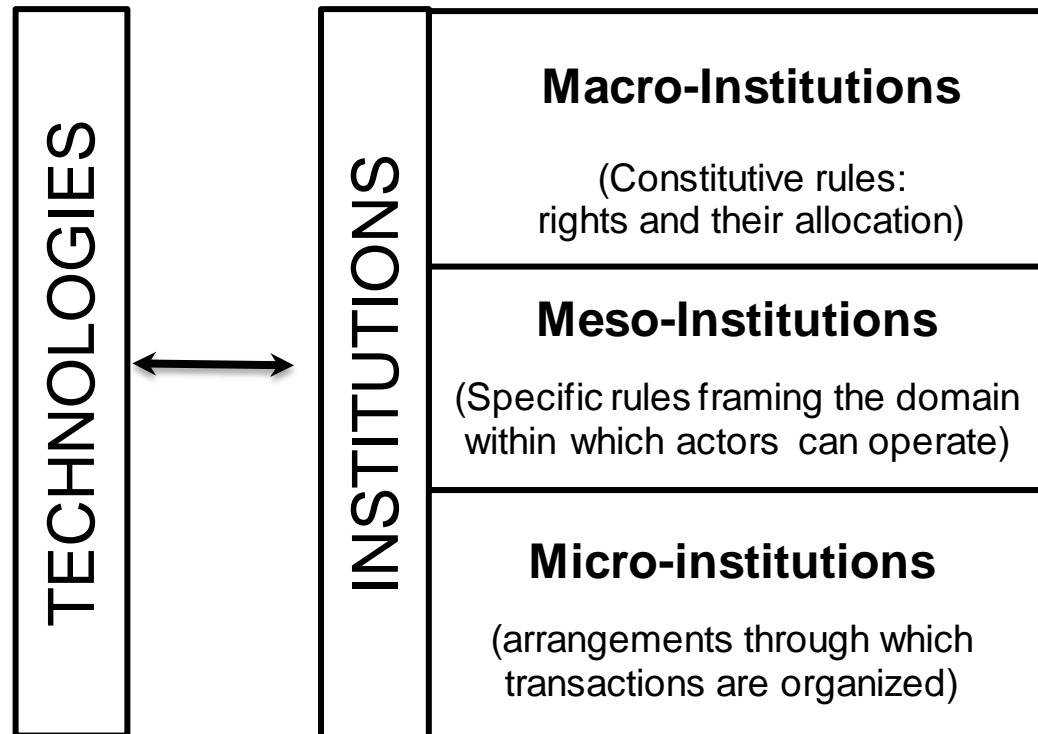
THROUGH WHICH TO DEAL WITH DIFFERENT

**TYPES OF RISK**

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

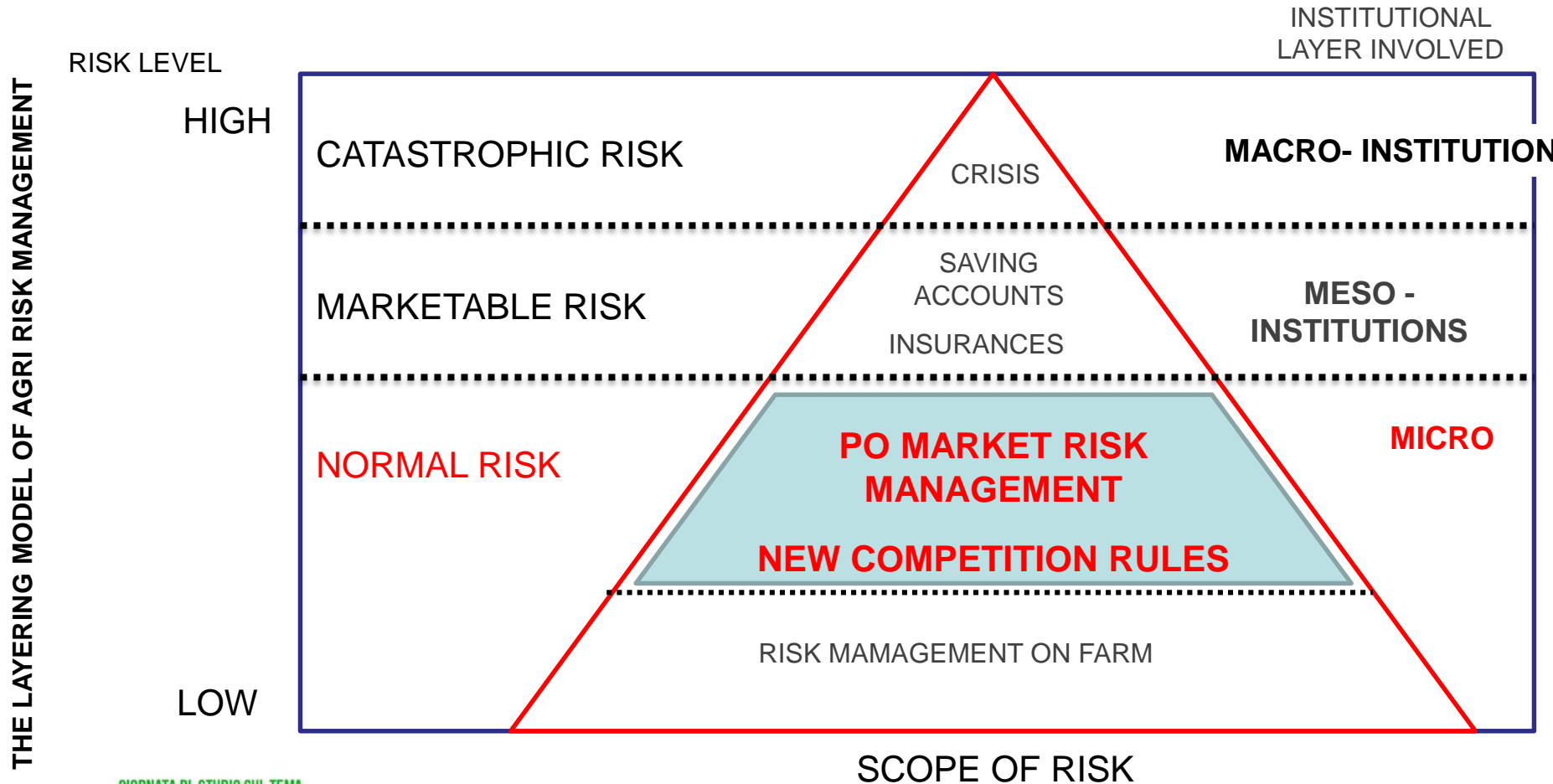
## (1) OUTLINE

### INSTITUTIONAL LAYERS (WITH RELATION TO TECHNOLOGY)



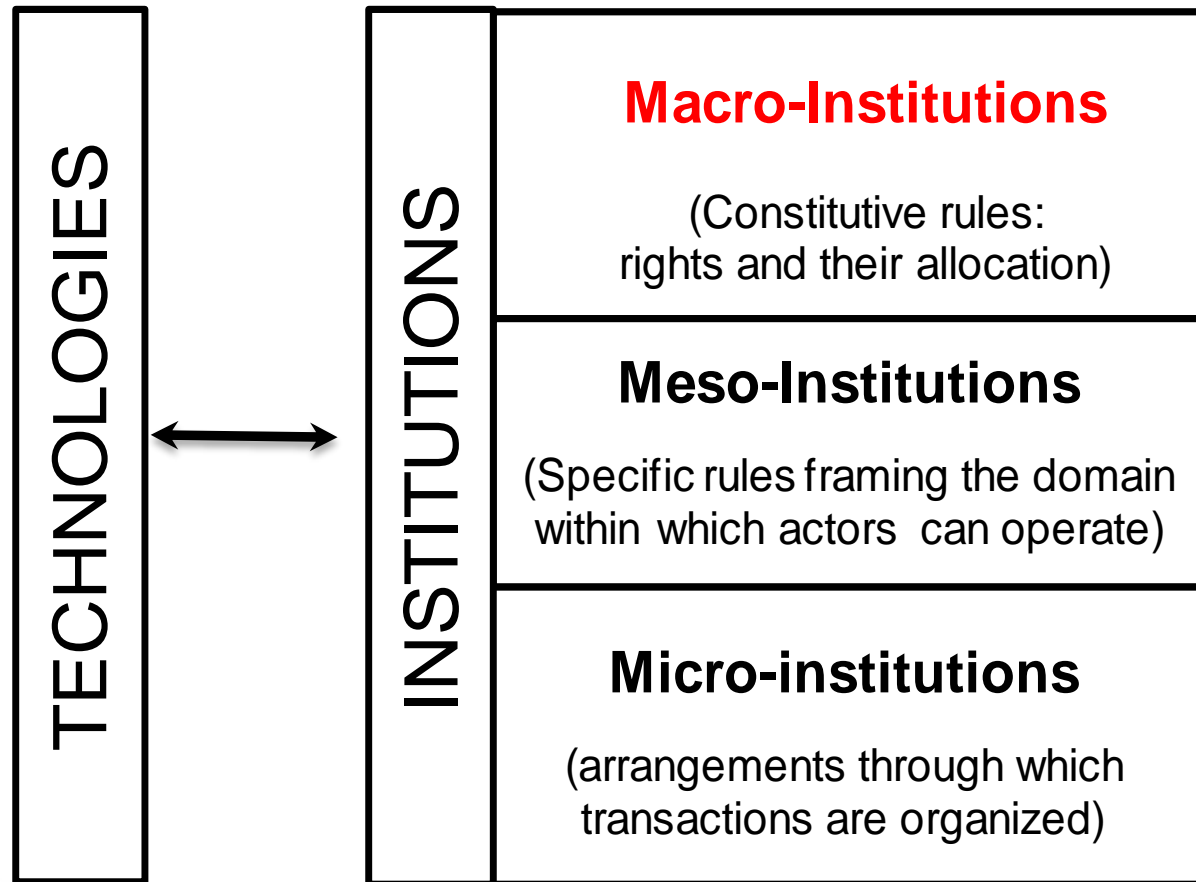
**FACING RISKS:**  
**INSTITUTIONAL AND ORGANIZATIONAL RESPONSES**  
**(1) OUTLINE - DANIELA TOCCACELI**

**WHAT KIND OF RISK?**



# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (2) MACRO-INSTITUTIONS





# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (2) MACRO-INSTITUTIONS

**Ex.: European Parliament**



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# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (2) MACRO-INSTITUTIONS

### 2) WHAT ARE 'MACRO-INSTITUTIONS'?

**Entities** through which rules and rights are defined/delineated

Ex. of entities: European Parliament, European Commission, Courts ...

Ex. of rules and rights: Agricultural Policy

(See presentation of [Bruno Buffaria](#))

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (2) MACRO-INSTITUTIONS

## 2a) WHAT FUNCTIONS WITH RESPECT TO RISK?

### Institutional insurance

- \* **Securing rights** (Property & Decision)
- \* **Compensation mechanisms** (prices, quotas)

### Main consequence:

**INNOVATION IS AND MUST BE LIMITED**

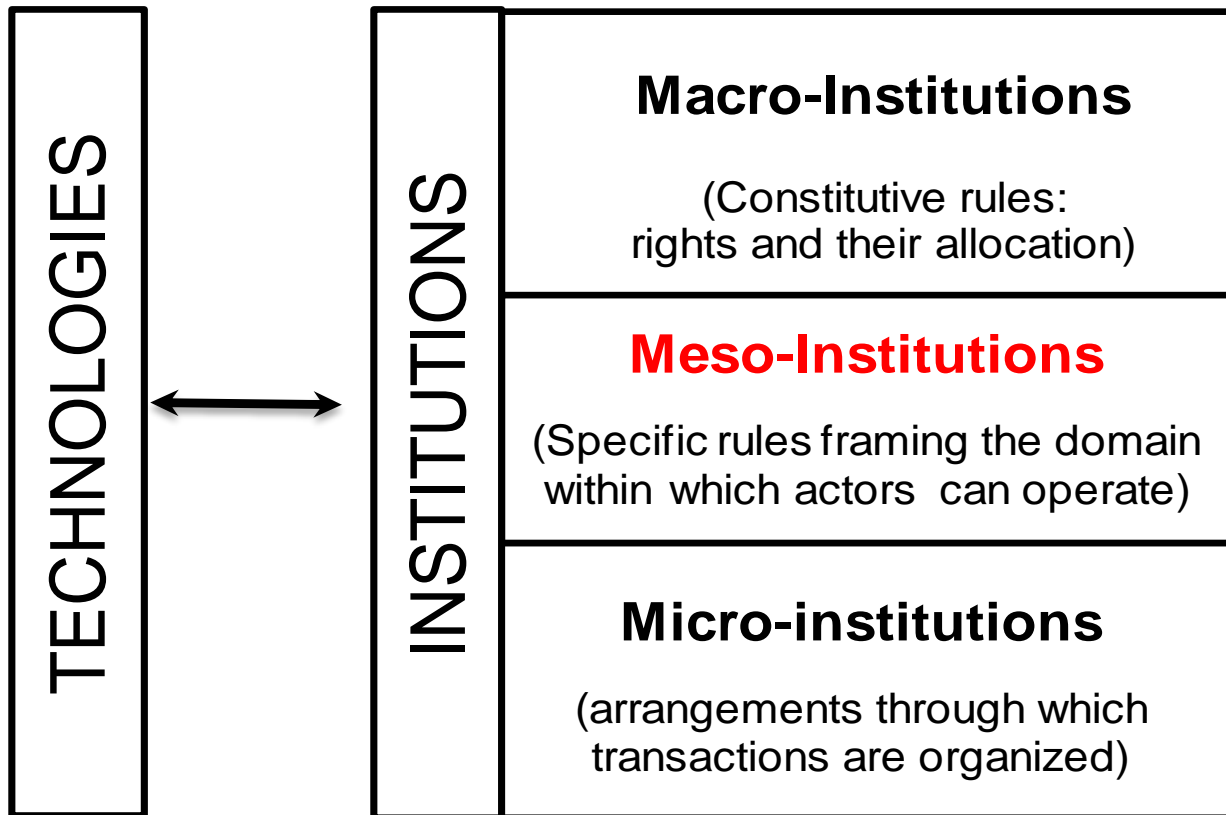
Stability & predictability of rules is key issue

## 2b) EXAMPLE OF REG. OMNIBUS



# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (3) MESO-INSTITUTIONS



# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (3) MESO-INSTITUTIONS

AGCM:



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# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (3) MESO-INSTITUTIONS

### 3) WHAT ARE 'MESO-INSTITUTIONS'?

**Entities** through which norms and rules are actually implemented and controlled

Ex. of entities: Certifying organizations (e.g., VALO ITALIA), regulatory agencies (competition...)

Ex. of norms and rules: Protocols, agreements, “disciplinare di produzione”

See presentation by [Andrea Comacchio](#)

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (3) MESO-INSTITUTIONS

### 3a) WHAT FUNCTIONS WITH RESPECT TO RISKS?

#### Allocating, monitoring and smoothening risks

- \* **Building cooperation** (Incentives AND trust)
- \* **Harmonizing practices** (through procedures, protocols)

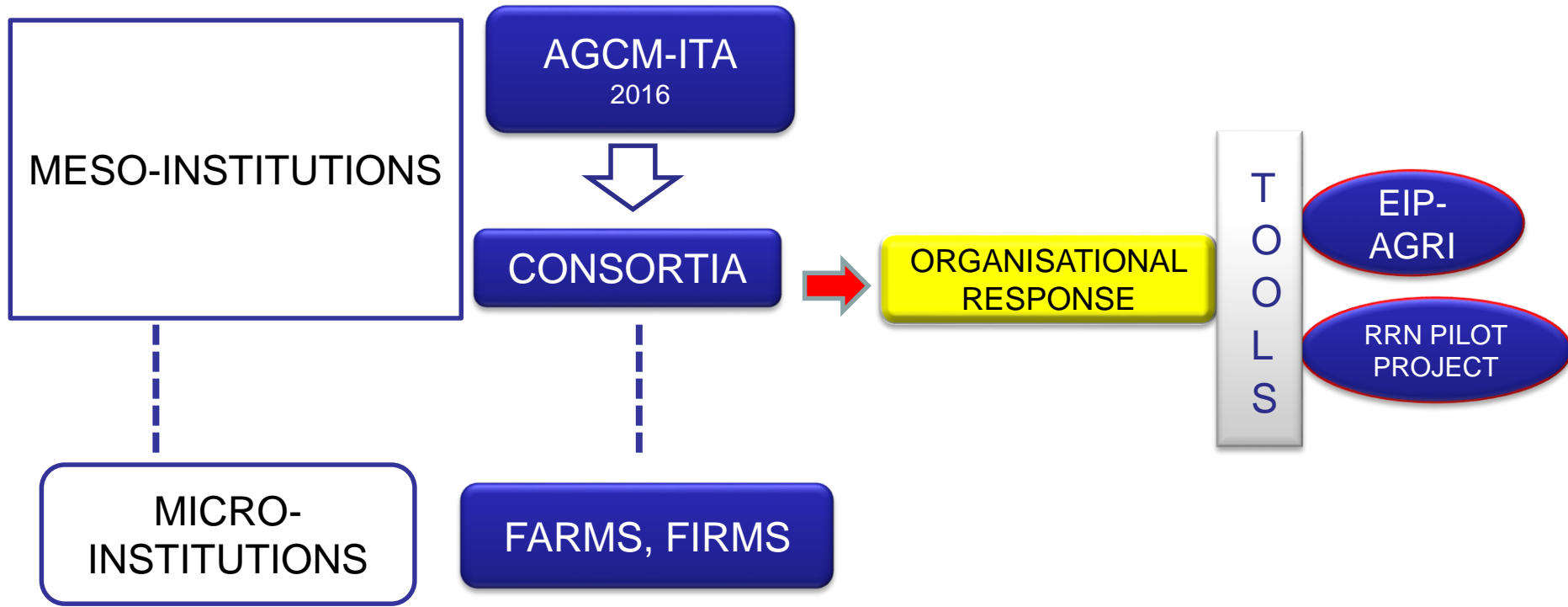
#### Main consequence

### COORDINATION & ENFORCEMENT = KEY ISSUES

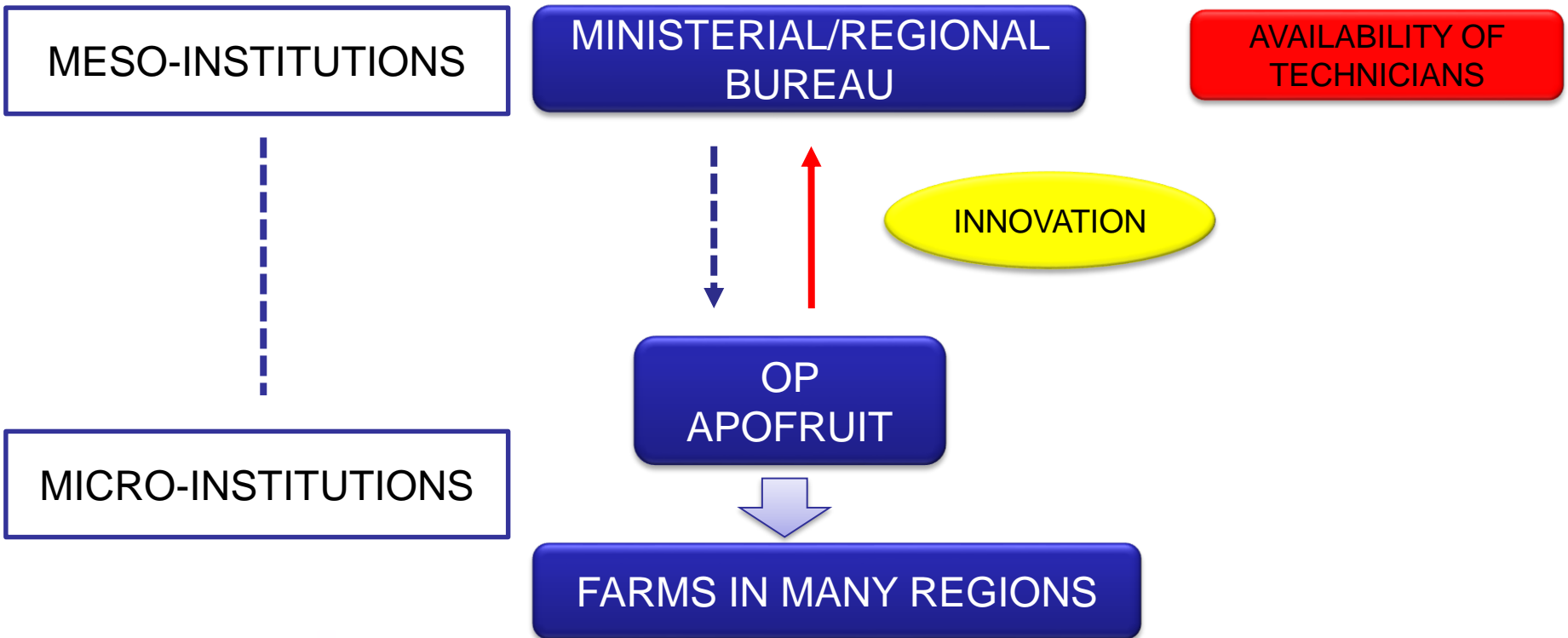
➔ Defining tools to discipline parties: Rewards and Penalties



3b) HOW MESO AND MICRO INTERACT:  
THE EXAMPLE OF D.O. WINE CONSORTIA

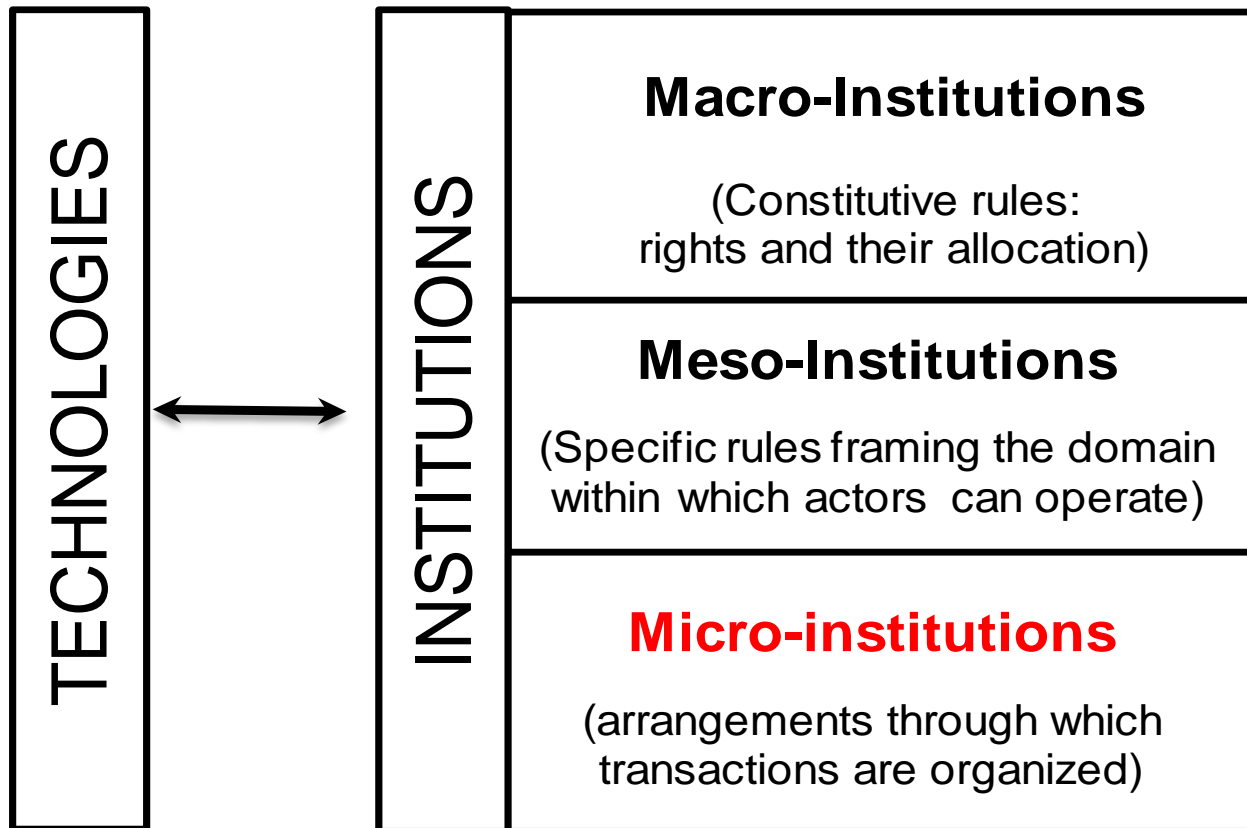


## 3c) HOW MESO AND MICRO INTERACT: THE EXAMPLE OF MONITORING CMO OPERATIONAL PROGRAM



# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (4) MICRO-INSTITUTIONS



# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (4) MICRO-INSTITUTIONS

## Tuscan Olive Oil



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# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (4) MICRO-INSTITUTIONS

### 4) WHAT ARE 'MICRO-INSTITUTIONS'?

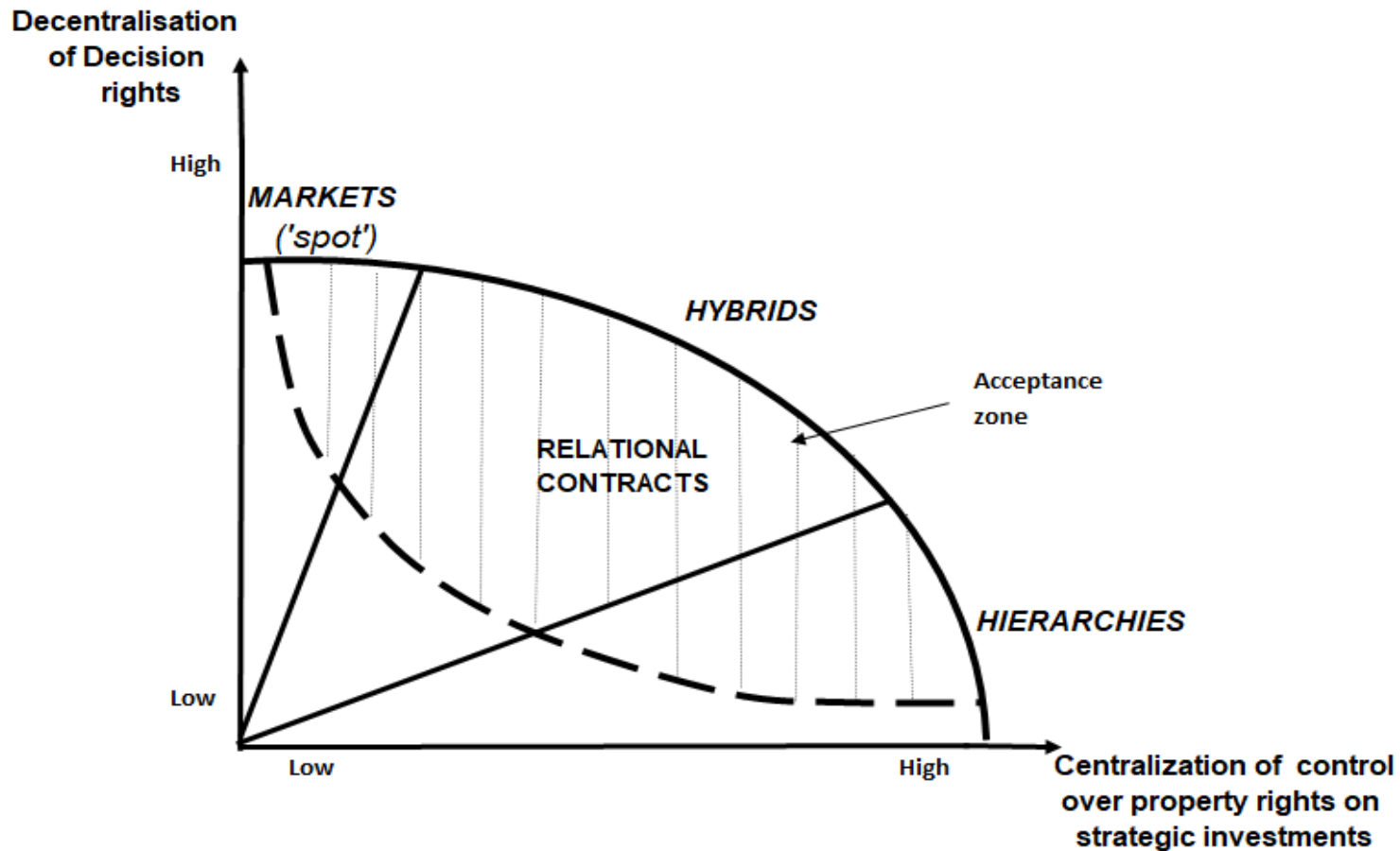
**Entities** through which transactions are actually organized in order to create value.

Ex. of entities: **producers organizations**, coops, farm, firm, ...

Ex. of transactions: 'individual' **contracts**  
(most of the time incomplete; consequences)

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (4) MICRO-INSTITUTIONS

## 4a) WHAT ARE 'MICRO-INSTITUTIONS'?



# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (4) MICRO-INSTITUTIONS

### 4b) WHAT FUNCTIONS WITH RESPECT TO RISKS?

#### Safeguarding // Creating value through

##### → Organizational innovation:

- \* Securing transactions (ex.: UTP) through risk sharing
- \* Organizing allocation of rents among parties

(contractual agreements, market transparency)

##### → Technological innovation

- \* Cross-sector technologies (ex. ICT)

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (4) MICRO-INSTITUTIONS

## Main consequence

### INNOVATION IS CENTRAL

Adaptability of internal rules on organizational side

Gains and Risks of First mover on technological side

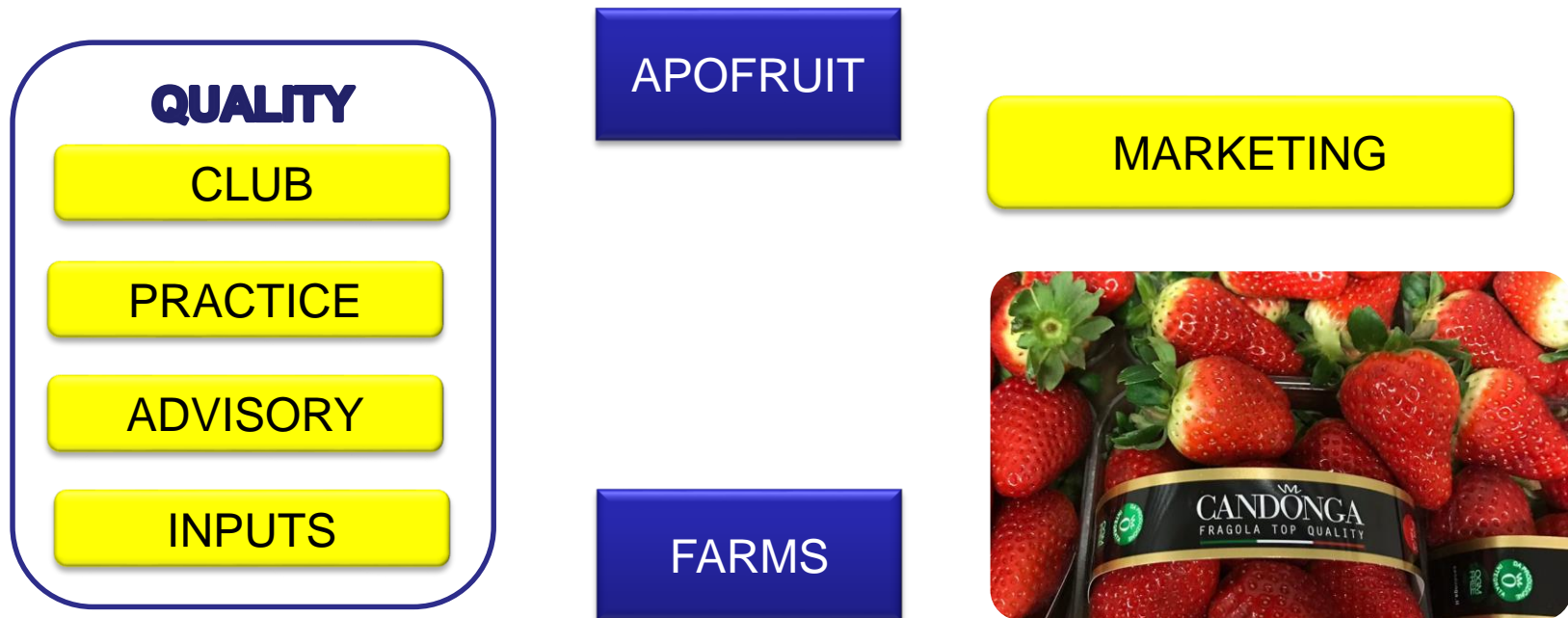
**ADVANTAGE OF COOPERATION:  
SHARING EXPERIENCES AND RISKS**



# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES (4) MICRO-INSTITUTIONS

Daniela Toccaceli

## INNOVATION WITH ORGANIZATIONAL DIMENSION: the role of OP in the example of Basilicata Strawberry



# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (5) CONCLUSION

**INNOVATION** is everywhere already!!!

### INSTITUTIONAL INNOVATION:

Ex.: New laws; new agencies; new modes of cooperation.

→ Pace is very different along different layers

### TECHNOLOGICAL INNOVATION

Ex.: ICT, biotech, method of irrigation

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (5) CONCLUSION

**IN ALL CASES, TRANSACTION COSTS INVOLVED**

**Transaction costs:** costs of reorganizing, of switching to a different technology, of bureaucracy ...

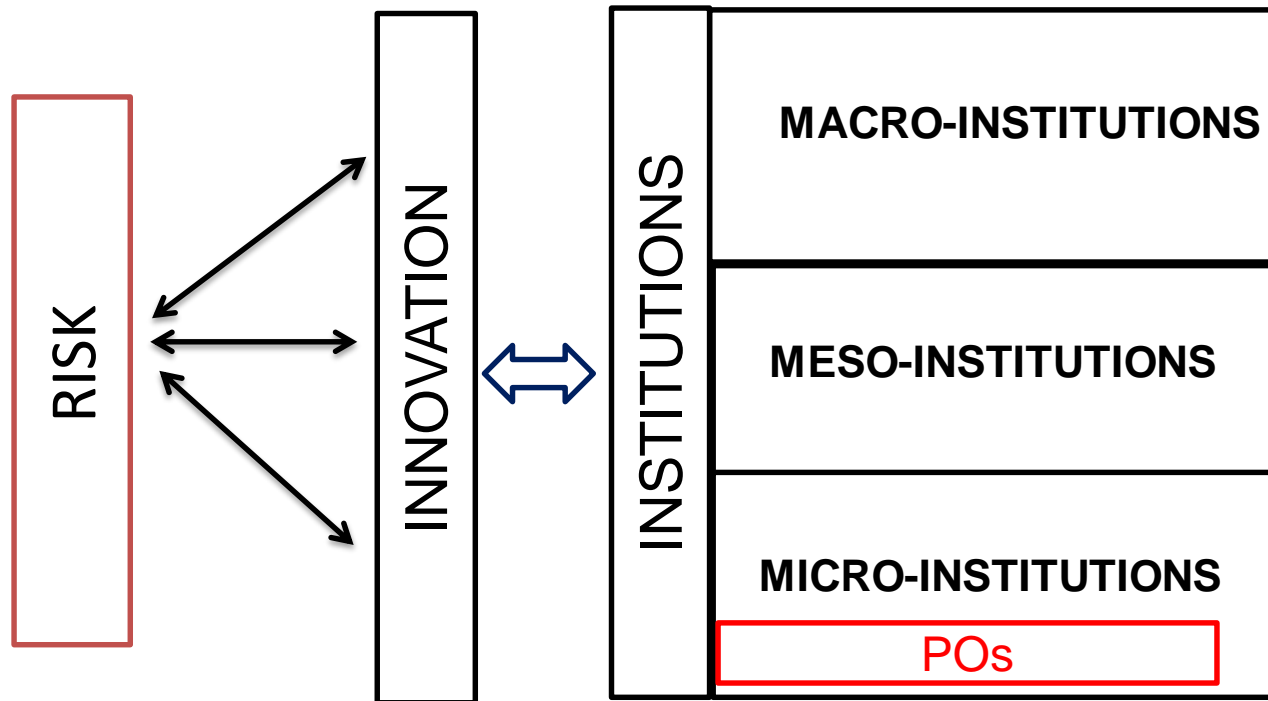
- (1) costs vary according to alignment (+/-) between a transaction and its organization
- (2) choosing the appropriate organization is central

# FACING RISKS: INSTITUTIONAL AND ORGANIZATIONAL RESPONSES

## (5) CONCLUSION

Daniela Toccaceli

**IS PO THE APPROPRIATE ORGANIZATION?**



**IN THE INSTITUTIONAL CONSTRUCTION OF VALUE TO FACE RISK ALL P-LAYERS PLAY A CRUCIAL ROLE**

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