A proposal for analysing the performance of agricultural processing cooperatives

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Abstract: *Many studies have attempted to suggest indicators for measuring the performance of agricultural processing cooperative enterprises. Almost all of them have used the traditional balance sheet ratios, albeit adapting them to the specificity of the cooperative, in particular, measuring the gap between members' remuneration, both in terms of product contributed and in terms of loans granted, compared to what might have been the estimate of the so-called "market price". All these studies highlighted the poor capacity of the profit and loss accounts of agricultural processing cooperative enterprises to supply significant indicators of the performance of the cooperative enterprise, the economic efficiency of which is expressed, not by the income produced, but by the utility transferred to the members. Given the limits demonstrated by this kind of analysis, this study proposes to assess the efficiency of the cooperative enterprise, not only on the basis of the indicators internal to the management of the enterprise itself, but also using Freeman's stakeholder theory and the social balance sheet. This approach seems to be more consistent with the nature of the cooperative company where internal stakeholders (management, ownership and employees) and primary stakeholders (suppliers, customers, current and potential competitors) are more strictly interconnected than in other types of companies.*

Key words: agricultural processing cooperative, stakeholder theory, social balance sheet, social indicators

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1. Introduction

Many studies have attempted to suggest various indicators which could measure the performance of agricultural cooperatives. In most cases, the traditional budget indicators were adapted to the specific nature of the cooperatives in particular by measuring the difference between the remuneration of members, both for products supplied and loans granted, and the estimate of their corresponding market value. The lack of clarity in the income statement of the agricultural cooperatives and their difficulty in providing significant performance indicators, has been largely debated and generally accepted for a number of decades (Tessitore, 1973; Matacena, 1990; Zuppiroli e Vecchio, 2006; Sillani, 2007).

This study aims at developing a theoretical framework able to assess cooperatives' performance not just on the basis of internal corporate management indicators, but also using Freeman's stakeholder theory (1984). According to this theory, company production must meet critical cost, service and quality thresholds which are specific and different for each stakeholder[2].

This approach seems to be more consistent with the nature of the cooperative company where internal stakeholders (management, ownership and employees) and primary stakeholders (suppliers, customers, current and potential competitors) are more strictly interconnected than in other types of companies. Therefore it is clear that considering only the returns of members' production is not sufficient to assess the utility impact that this type of relation can have on the members' companies and at the same time, on the cooperative itself. At the same time, the government support to cooperation for the mutual objectives which govern the relations between a cooperative and its members must have a positive effect for the stakeholders who are external to the company: the Government, citizens and communities, associations, the financial system etc. In the light of these considerations, the analysis of the cooperatives' performance will have to consider not only the management impact on internal or primary stakeholders, but also the benefits that external stakeholders reap from the activity of the cooperative. To this end, the present study aims to define the relevant elements which contribute to making the social balance sheet and reporting (Chiesi *et al.*, 2000; Molteni, 2004; Rusconi and Dorigatti, 2004; Rusconi, 2006) the instrument which can clearly show and assess the impact of the cooperative activity on the various types of stakeholders.

2. The financial statement and the specific nature of cooperatives

It is fairly clear and implicitly recognised, also by its competitors, that because of its legal form, cooperatives have always been more open to social issues than for profit companies. The will/need to manifest a distinct utility compared with for profit companies is intrinsic to the nature of the cooperative. This aim can only be achieved by combining the collective and social dimension with the economic one.

The challenge for the cooperative enterprise is how to perform in the business world; indeed we can say that the quality of the economic result influences the quality of all the other aspects of a cooperative's activity. Any social initiative of the cooperative can only have a significant and real impact if new wealth is distributed,

[2] By stakeholder, we mean any group or individual who may influence or have an influence on the achievement of the company objective.

wealth generated by the cooperative's ability to operate in the market and according to its rules.

In the cooperative environment, managers regularly face the difficulty of combining different interests, expressed by the various stakeholders, at times tremendously diverse across the board. The variety of stakeholders which characterises cooperatives means that simply calculating economic and financial variables is not sufficient when trying to measure the overall impact of the cooperative.

The company accounts and the corresponding analysis method based on ratios is the traditional accounting method. This instrument was conceived for private companies and, for this reason, it is hardly able to extract specific and appropriate information for cooperatives. In private companies, the company accounts show the returns that can be distributed to the risk capital holders without affecting the dynamic equilibrium of the company, and the increase/fall of the company's capital over a certain period of time as a result of the management of the production process. In cooperative enterprises and, in particular, in agricultural cooperatives, adopting a traditional method to analyse the balance sheet cannot fully reveal, and sometimes may even distort, the actual results achieved by the cooperative on the various social and economic aspects on which it has an impact. All this clearly emerges if one considers that the value of member products sold to the cooperative is always incorporated in the operating costs even in cases where it includes a quota of profit which the cooperative decided to distribute to its members.

On the basis of these observations, many authors have developed explanations to overcome any ambiguity in the application of the conventional format of the company accounts to cooperative companies. For example Tessitore (1973) introduced the idea of attributing an estimated value to the members' products purchased by the cooperative in order to separate the cost amount from the profit amount. This contribution, which was fundamental as it highlighted the contradictions and ambiguities of the company accounts applied to cooperatives, was in fact limited to the evaluation of members' production. However, similar observations can be extended to other items on the cooperative balance, such as services provided to the members and saving accounts, which belong to the "social" sphere of cooperatives.

Other authors gradually joined this extended perspective. They agree in saying that the aim of the cooperative can be summarised in maximising the "social value added", that is maximising social utility while respecting management business logic (Matacena, 1990, p. 46). If a member supplies only raw materials, the cooperative company accounts will show not an operating profit, but a value of the processed goods. Maximising this value will determine a gross income, from which the social value added can be obtained by subtracting from it, following Tessitore's theory, "an estimate value attributed to the members' production".

If a member not only supplies raw materials, but also finances the cooperative equity capital, the company accounts must be able to "determine the net income benefit of the members which is the sum of the amounts of gross internal product which contribute to the members' businesses" (Matacena, 1990, p. 119). According to Matacena this sum, expressed in terms of value of the production, of the rents, salaries, interests and profit shares attributed to the members for their different contributions, is still a gross income "from which the *cooperative profit* [Italics by the author] can be obtained by subtracting the sum of medium-normal (or current) remunerations attributable to the members for their various listed contributions" (Matacena, 1990, p. 120). From these considerations it emerges that to measure the utility of a cooperative company, the most appropriate instrument cannot be a simple indicator (such as the net profit) but it is necessary to set up a specific accounting system, similar to the scheme of the economic value added and its distribution.

In a recent study (Zuppiroli and Vecchio, 2006), the analysis of the company accounts of some agricultural cooperatives was therefore extended from measuring the value of the members' production to a wider set of values which measure economic performance of the cooperative in relation to the main stakeholder categories. The research, in order to highlight the result of the mutualistic management and to distinguish it in its various components, draws up an account of the value added and its distribution by introducing, compared to traditional methods, an additional analytical distinction which consists in differentiating two modules.

The first aggregate is defined as "non discretional", because it refers to the portion of value added which the company distributes according to a logic which is exogenous to the company itself and following rules which are either contractual or imposed by the government (salaries, taxes, interests paid). The second aggregate, on the other hand, is the "discretional" value added, which includes the amount of wealth that the cooperative distributes to its members and the accumulated equity capital. The form in which the cooperative profit can be transferred to its members is not univocal: it can be transformed into services or in a return for the products supplied which is higher than their likely market value or still, the saving accounts can be remunerated above the current rate for savers[3]. In general, hybrid policies are applied. They achieve a mix of redistribution objectives, combining incentives according to the socio-economic characteristics of the stakeholders and the "needs" of cooperative companies[4].

The approach shown in Fig. 1 leads to an analysis scheme able to measure both the amount of the new wealth created by the cooperative and its distribution amongst its main stakeholders. These factors are included in the meaning of "distinctive utility" of cooperative enterprises.

Figure 1. The distribution of value added

<table>
<tr><th colspan="3">Total Revenues</th></tr>
<tr><th>Intermediate consumption</th><th colspan="2">New Wealth Produced</th></tr>
<tr><td rowspan="2">- Purchases of raw material
- Value of the member's production (based on market prices estimate)
- Other costs (general expenses, etc.)</td><th>Non discretional Value Added</th><th>Discretional Value Added</th></tr>
<tr><td>- Depreciation
- Salaries
- Interests
- Taxes</td><td>- Spread on members' production
- Spread on interests saving account
- Return to members on Invested Capital
- Contribution of the company to the coop system</td></tr>
</table>

Source: Zuppiroli and Vecchio (2006).

[3] The Italian Law, with the last modification of Law n. 59 of 31 January 1992, gives the possibility to the cooperatives to accumulate capital from their members in the form of saving passbook accounts.

[4] To be more specific, the distribution of the "discretional" value added too is not completely arbitrary, but has some constraints. For example, as we accept, the cooperative has some constraints in the remuneration of the equity capital which derive from the concept of mutuality. The current regulations, combined with the equity non-transferability, do not attract investments and as a result, reduce growth and development potential which also depends on the availability of financial resources. This "lack" is counteracted, even if now marginally, by fiscal incentives and, most of all, from the possibility for cooperatives to be financed by its members' from saving accounts.

The scheme for the calculation of the "discretional" value added shown in Fig. 1 implies a series of assessments and estimates. Although the company accounts EEC scheme remains the primary source of information, to measure the distinctive utility of cooperative companies some items on the company accounts and especially of the income statement are re-calculated. This phase leads to a accounting scheme which is structured according to a conventional one, but where the typical items of cooperatives are freed from any ambiguity and brought back to the status they enjoy in a private company. The part of the amount which is a cost then remains under "costs", any difference which may emerge, and which corresponds to a consequence of the mutualistic management, goes into the residue as net profit.

There are at least three items which are subject to this recalculation. First of all, on the basis of specific extra-account assessments, the value of the production purchased by cooperative members is calculated by valuing the agricultural products provided by the members at their likely market value. This evaluation does not consider the fact that often the market value is not explicit or that the identifiable market prices (e.g. from market reports of Mercantile Exchanges) are not completely significant as they refer to residual quantities compared to the quantities that members supply to their food processing cooperatives. Despite the significance limits that characterise any discretional evaluation, the heuristic advantage to be able to evaluate the benefits accruing to members in terms of value added of the product supplied is clear: this parameter, which expresses a "short term advantage" for the member, is essential to account for the distinctive utility of a mutualistic enterprise.

A second item which deserves to be mentioned is the value of the services provided by the cooperative to its members: these services, unlike the abovementioned item, do not translate into additional income, but in less costs for the members. Without exasperating the nature of this element, which could lead some to claim that the entire activity of an agricultural cooperative could be associated to the services provided to its members, we believe we can now consider only the accountable amount of expenses which the cooperative sustains on behalf of its members without receiving anything in return. An example is the advance fee for the purchase of equipment to be used in associate companies and paid by the associate net of interests or still the interest rate subsidy which members receive from the cooperative for investments made in their companies.

The last estimate concerns the remuneration of the saving accounts subscribed by the members. In this respect, two alternative evaluations are feasible. According to the first, interests paid on saving accounts are calculated according to a rate estimated on the basis of the current comparable options available on the market for investors. On the basis of this criterion the adopted rate may be the national currency market[5]. Alternatively the second option, envisages the saving accounts in the case of a cooperative having to apply for that on the financial market. In a conservative estimate, we can say that an additional debt with the banking system would occur at the prime rate of inter-banking lending plus some percentage points. In these cooperatives, the rate calculated in this way is usually higher than the amount which appears on the company accounts for existing bank loans.

With these substantial adjustments, the balance for each year and for each cooperative can be re-written in all its parts and become homogeneous, or at least more homogeneous to that of a conventional private company. The procedure described, as far as it goes, clears some items so that they better fit their conventional content, and is

[5] In this specific case, it is recommended to use the rate of return of annual Treasury bonds less -15% to account for the higher amount of liquidity ensured by the lending partner.

able to highlight the specific nature of the mutualistic management, allowing the measure of the "distinctive utility" of the cooperative.

The evaluations and the supplementary estimates described show, even in an approximate way, the performance of the cooperative in relation to internal and primary stakeholders. By analysing the relations which characterise the mutualistic nature of the cooperative, it becomes possible to distinguish within the costs the value of members' supplied production and to highlight any residual amounts which may have been distributed/drawn by members. Finally, from the "revised" balance, significant quotients can be extracted and compared to those of private competitors.

However, from the entire procedure a fundamental consideration emerges. The attempt to bring back the income items and especially the cost items to their original meaning, translates into the awareness that, on the market, the way all companies behave is not different. On the other hand, the difference between the two types of company (*for profit* and cooperatives) can be identified in the way wealth produced is distributed.

3. The social balance sheet and the cooperatives

The company accounts recalculation approach suggested by Zuppiroli and Vecchio (2006) however, does not take into consideration the positive and/or negative consequences which are external to the company as such. As a matter of fact, the quality of a cooperative is determined not only by the economic performance of the business, but also by the specific type of company and by the agreement stipulated among its members (mutuality), as well as by the impact it has on the entire community in the application of solidarity principles (external mutuality). It is clear that considering economic indicators only by reclassifying items on the company accounts is not sufficient to describe all the cooperatives' dimensions.

By the early 1990s the leading associations of Italian cooperative companies (Legacoop Emilia Romagna and Confcooperative) started to experiment with the application of the social balance sheet and reporting. First developed as a tool which was strictly related to corporate social responsibility, it is a complementary document drawn up annually on a voluntary basis with which the company "expresses the fundamental traits of its identity [...], the strategy applied and its guidelines for development" also explaining existing relations between the company and the different types of stakeholders (Molteni, 2004, p.131). In general, a company is considered socially responsible when it is aware of the effects its behaviour has on stakeholders (Vermiglio, 2005). The responsibility it takes on them becomes a fundamental aspect in social balance accounting.

Even if there is not just one model to draw up a social balance sheet[6], there are two basic methods used by Italian companies for this document (Vermiglio, 2005):

1. a model of social balance sheet based on the *mission*; in this case the core element in drawing up the social balance is the mission of the company. On the basis of the mission, quantity and quality indicators are extracted to describe the performance of the company in relation to its core values and objectives;

[6] In general, it is thought that despite the formal freedom in its drafting, there are some minimal requirements, without which the balance sheet cannot be called social balance sheet. These include: annual drafting, the presentation of quantitative accounting data expressed written with a statement format, external communication of the results to stakeholders and the adoption of generally recognised criteria, so that they can be compared with those of other companies (Vermiglio, 2000).

2. a model of social balance sheet suggested by a third party; in this case the model is defined outside the company, with an indication of how to set up the balance, who the information is addressed to, the topics to deal with and the essential information to supply. Among the most famous cases in Italy is one developed by Social Balance Research Group (GBS) which includes a general model applicable to different types of companies (GBS, 2001), and the one by Community and Company Group, based on the concepts of stakeholder and social corporate responsibility (Chiesi *et al*., 2000). Both models divide the balance sheet in three parts: *a)* description of the company's identity, *b)* calculation and distribution of the value added *c)* social report with the indication of activities that are socially relevant to the commitments undertaken.

In any event, the objective of the social balance sheet and reporting is to highlight aspects relating to social relations and relations between the company and its stakeholders[7] which are not shown in traditional accounting. It is not an accounting document, even if it draws information and data from the company accounts; it is complementary to the company accounts. Its most immediate function is to inform those interested about the social characteristics of the company management. This function can take on an institutional value if projected externally to underline the consistency with the corporate *mission* or to explain the reasons behind a possible deviation from the company's core values. In its more ambitious function, the social balance sheet is interpreted as the basis to define the company's strategic objectives; in other words, this model requires the management to develop company strategies based on the social balance sheet (Selvatici, 2000).

On the basis of these remarks, it is clear that if the social balance sheet is a useful tool for companies in general, it is even more useful to cooperative companies because of the special characteristics of these production units such as mutuality, which is reflected in the strict relation between the company and its members, solidarity which is particularly evident in social cooperatives, and the social function that the cooperative performs in favour of the extended community and the territory. However, as Viviani (2005) rightly recognises, although the cooperative company has an advantage in the achievement of the social interest if compared to private companies, as a result of its institutional nature, the social merit of cooperatives compared to private companies takes a concrete form only in the concrete achievement of their social objective. The social balance can have a fundamental role in describing, documenting and proving the achievement of this comparative advantage.

The social balance sheet and reporting of cooperative companies does not actually have any distinctive traits compared to the one of a private enterprise. In general, the companies that are more likely to adopt this instrument are larger corporations because of the greater amount of resources to invest and more frequent contacts with the academic world. Since the great majority of Italian cooperatives are on average small scale firms, the use of this instrument has been limited to younger companies (in particular social cooperatives) and to companies operating on the end market (Viviani, 2005).

[7] Vermiglio (2005) notes that in the drafting of the social balance sheet, the results and the effects of the company activity must be linked to the relations with the different categories of stakeholders. All this information is analysed systemically since the results and the effects are inter-dependent between them.

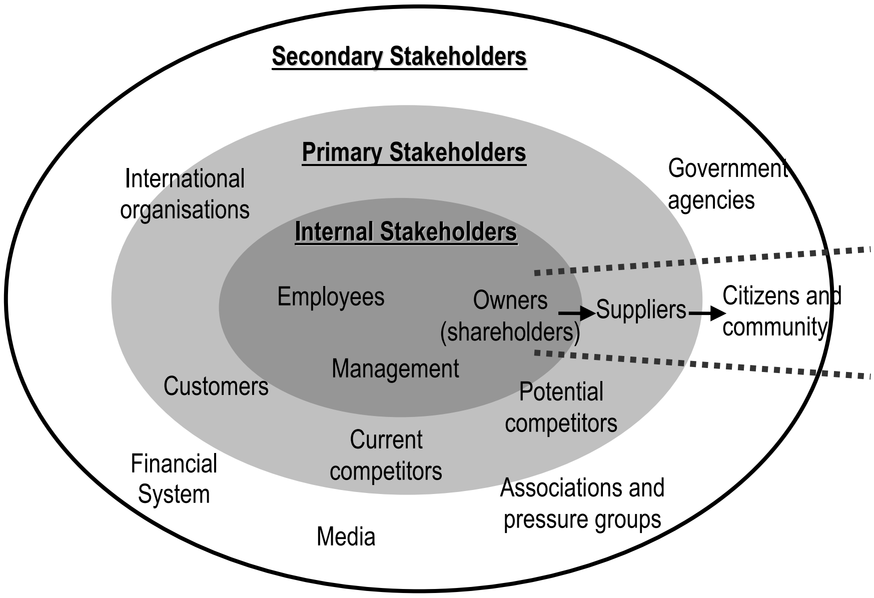
4. Some key points to define the social balance sheet of agricultural cooperatives

At this stage it is useful to consider the main elements which must be taken into account when a cooperative company decides to draw up a social balance sheet.

4.1 Defining the stakeholders

As we mentioned before, one of the fundamental objectives of the corporate social balance sheet is to provide stakeholders with a complete picture of the social and economic performance of the company. The first step therefore is to identify the categories of people who are interested in the company's activity and to whom the document itself is addressed. The most important guidelines on social balance sheet[8] all stress the importance of the inclusion principle, which is that no stakeholder must be excluded from the accounting object without a reason (Rusconi, 2006).

Figure 2. Map of internal, primary and secondary stakeholders



Classifying the stakeholders in categories is a useful procedure which facilitates a general and schematic representation of company relations (Vermiglio, 2005). Often there is a distinction between primary and secondary stakeholders. Without the continuous participation of the first ones the company would not be able to survive as a functioning entity (shareholders, investors, employees, customers, suppliers, and public entities such as the government and the local community that provide infrastructure, regulations etc.). The secondary ones are all those who exercise an influence (either

[8] In the literature and in national and international practice, there are different guidelines about the Social balance sheet and reporting; some jointly deal with social management and accounting, such as regulations SA 8000, Accountability 1000, Q-Res and the Copenaghen Chart, others concern exclusively accounting, such as the model by Global Reporting Initiative (GRI), the model by Social balance Group (GBS), along with that by the European Institute of Social Balance, etc. (Vermiglio, 2005).

positive or negative) on the company but are not essential to its survival (Clarkson, 1995). The media and some lobby groups are part of this stakeholder category; the pressure exercised by these groups can influence the strategies and the work of a company. In short, the social responsibility of a company translates into the identification of the stakeholders and secondarily in finding the right balance between all the legitimate interests (Chiesi *et al*., 2000).

Fig. 2 represents a map of a company's main interlocutors divided in categories of internal, primary and secondary stakeholders. It must be noticed how some government agencies and international organisations can influence directly the activity of a company for example by regulating trade exchanges and product layout (labelling). For this reason, some of these organisations can be considered key institutions, and rightly included among the primary interlocutors for companies.

In cooperative companies we must consider the fact that often members are also customers of the cooperative (for example retail cooperatives) or suppliers of it (agricultural marketing cooperatives). In this latter case, the relation between company and the community is strengthened by this double role, where two categories of important stakeholders coincide (dotted line in Fig. 2). In some cases, this double role can strengthen the position of these subjects to the detriment of other interest holders; the social balance sheet, in this case, is useful to assess the conciliation of interests between the parties in the distribution of value added.

4.2 Distribution of value added

The creation and distribution of value added is the main link between the social balance sheet and the company accounts which expresses the economic effect of the enterprise's activity on the main categories of stakeholders. In addition to the considerations made in par. 1 about the measure of the value of the members' products and the distinction between discretional and non discretional value added, some further clarification is required.

Firstly, when analysing the value added it is worth considering which stakeholders the company wants to address in the drafting of the social balance sheet and which are their individual expectations of the company's operations. In particular, calculating the operating gross value added (V.A.C.L.) allows for the creation of indicators which are able to measure the degree of mutuality and social utility of the company (Malavasi, 2000).

The operating gross value added can be defined as the difference between production value and intermediate consumption (GBS, 2001). By introducing the adjustments described in par. 1, the V.A.C.L. can be divided in amortization and depreciation of fixed and circulating capital (A), overall cost of labour factor (C.L.), spread on members' production (S.C.), cost of the services provided to members (S), interests on financial resources (I), tax and duties (T) and income generated for shareholders (R.A.):

$$V.A.L.C. = A + C.L. + S.C. + S + I + T + R.A.$$

By dividing both members by V.A.L.C., the gross value added is broken down in percentage points in its various components. In other words, it is possible to evaluate the portion of the value added devoted to the members supplying raw materials in terms of spread on production (S.C./V.A.L.C.) or of remuneration of the equity capital invested (R.A./V.A.L.C.). In the case of cooperatives which apply saving accounts, in turn, interests on financial resources can be divided in a component of remuneration of the saving accounts subscribed by members and in a component concerning the debt with other sources (banks, etc.). In this case we have to estimate the difference between the interests paid to members' savings and the one they could obtain from a comparable source to measure the company mutuality.

By introducing these simple adjustments, even with some simplification, it is possible to extract indicators of the mutuality degree of cooperative companies. If one then wanted to consider measures introduced by the company to update equipments to health and safety regulations on the workplace or anti-pollution regulations, it would be sufficient to add the value of such investments to the operating gross value added and to increase labour costs of the depreciation of those investments. In this way an estimate of the social costs of these adjustments can be obtained (Malavasi, 2000).

However, in order to evaluate the degree of social responsibility of a cooperative company, other key indicators must be considered to define a company's social impact.

4.3 Social indicators

The use of social indicators shows the effects of a company's activity which cannot be expressed in the company accounts (Selvatici, 2000). The identification of such indicators, in the absence of a regulatory framework, must be done in such a way as to "cover" the main areas of social interest of the company. This operation should be done jointly by the company and the main stakeholder categories to which the social balance is addressed to avoid excessive emphasis being placed on the interests of a particular group of interlocutors.

For this reason, it is opportune to find, for each company objective, one or more key performance indicators (KPI) able to show the specific performance in the social, environmental and business areas. The KPIs show the degree of consistency of company policies to the objectives stated in relation to each stakeholder category. Those in charge of drafting the social balance must always highlight the reason which justifies the use and the source of the indicators. The evaluation of the KPIs determines the areas of excellence of a company as well as any negative effects of its activity (GBS, 2001).

Tab. 1 shows a list of some parameters taken into consideration in the drafting of some examples of social balance sheet. The table shows the contents recommended for each stakeholder category by the Social Balance Research Group (GBS, 2001), Coop Italia[9] and Conserve Italia Group[10].

[9] Coop Italia is a consumers' cooperative leading the Italian retail market. The report considered is the Fourth National Social Report ("*Quarto Rapporto Sociale Nazionale della Cooperazione di Consumatori*", 2007), available only in Italian at the web page: http://www.e-coop.it.

[10] Conserve Italia Group represents one of Europe's largest agri-food industries, a cooperative organisation that brings together over 17,500 farmers. Over the past 30 years Conserve Italia has built its international position through external growth and integration with acquisitions of companies in France (Conserves France), the United Kingdom (Mediterranean Growers), Spain (Juver) and Germany (Warburger). Today the Group has a leading position in the European preserved fruit and vegetable markets, both in terms of turnover and raw material processing. The report considered is the 2006 Social Activities Report, available only in Italian at the web page: http://www.conserveitalia.it.

Table 1. Social indicators by GBS, Coop Italia and Conserve Italia

Stakeholder	GBS	Coop Italia	Conserve Italia
Employees	- Composition for gender, age, education, function... - Organisation of work - Turnover - Social activities - Recruitment policy - Equal opportunity policy - Training and personal improvement - Remuneration and incentives - Health and safety	- Number of staff (gender, position) - Participation and training - Health and safety (accidents)	- Composition - Recruitment policy - Training and personal improvement - Job orienteering with University - Health and safety (accidents and investments)
Members	- % Division of the capital between members (per category and nationality) - Advantages reserved to members - Remuneration of invested capital - Participation and governance - Investor relations	- Number of staff - Management and participation - Social participation - Information - Advantages (discounts) - Saving accounts - Extension of mutuality - Personal services	- Composition of membership - Production planning
Financial partners	- Composition and type - Relations with credit institutes - Investor relations		
Customers (consumers)	- Characteristics and analysis of customers and markets - Quality control systems - Customer satisfaction - Conditions of negotiation	- Convenience inflation Coop - Sales network - Services point of sale - Protection and information - Brand products - Quality and safety - Listening skills, communication (assistance)	- Market analysis (by segment) - Economic performances (by segment) - Trade analysis - Trade policy of the company - Logistics - Quality control systems
Suppliers	- Analysis of suppliers - Quality control systems - Conditions of negotiation - Impact on territory - Compliance with supply chain standards	- Relations with food processing industry - SA 8000 certification	*see "members"*
P.A.	- Duties, tax and contributions paid - Contributions and incentives received - Differential rates - Contractual relations - Internal regulations and checking system		- Contacts - Public projects description
Community and the environment	- Social contributions (education, sport, health and culture) - Relations with associations - Systems of environmental management - Training and education - Environmental performance - Consumption and materials	- Activities for the local community (project value) - Products at high value added - International solidarity programmes - Products of fair trade - Education to responsible buying - Green products - Reduction of environmental impact	- Environmental policy and certification schemes (EMAS) - Environmental performance (natural resources consumption, wastes and emissions) - Training/education - Social contributions

From an overall view, the categories costumers and community/environment are those more represented in both Coop Italia and Conserve Italia reports. In particular, the report by Coop Italia seems to be mostly addressed to members, costumers and communities, additionally because of the highly detailed part devoted to the company's environmental efforts. Since Coop Italia is a retail cooperative, costumers are at the same time members of the cooperative, consumers and part of the community where the company acts. This strong link among these categories might explain the emphasis on describing the impact of Coop Italia activity on them. On the other hand, Conserve Italia pays much attention to the employees category, detailing the policy of the company for the personnel. At the same time, this report emphasises the company's trade and marketing policy and its relations with costumers and consumers. It is also very important the description of the relation between the Conserve Italia Group and the associated cooperatives in planning the fruit and vegetable production.

The GBS guidelines are very detailed for any stakeholder's category and, if applied, might improve the content of the two cooperatives' social reports here considered. However, these guidelines miss some synthesis key indicators able to give an immediate picture of the firm's performance for each stakeholder category. On this point, Chiesi *et al*. (2000) indicate some KPIs or models able to stress the consistency of the company's policies to the objectives stated in relation to each stakeholder category (efficacy indicators) and the results obtained compared to the resources spent (efficiency indicators). For instance, the HDE (Human Development Enterprise) index, developed by Standing (1997), aims to measure the enterprise performance with its personnel outlining the practices and mechanisms applied in terms of skill reproduction security, social equity, work security (health and safety), economic equity (income security) and democracy (representation security). In addition, the Social Accountability 8000 scheme (SA8000) can be applied to stress the social responsibility of the company with its suppliers and vendors[11]. On the other hand, the involvement of the company with the local community can be efficiently managed, measured and reported applying the model developed by the London Benchmarking Group[12];

5. Conclusions

This analysis has shown how the social balance sheet can represent the best instrument which the agricultural cooperative can use to show its specific characteristics of mutuality, sociality and solidarity. As appropriately observed by Viviani (2005), the cooperative company, which often has to reconcile business objectives with environmental and institutional limitations, can find in the complexity of the social balance sheet and reporting a useful support tool to make its objectives, programmes, corporate purposes, motivations and operations more transparent.

From this point of view, the social balance sheet must not be interpreted only as a defensive instrument, but as an opportunity to communicate with the external world regarding the programmes and identity of the cooperative. At the same time, it

[11] SA8000 is an international auditable standard certifying labour practices in the enterprise's facilities and those of its suppliers and vendors. More information are available at the web page: http://www.cepaa.org/.

[12] The London Benchmarking Group (LBG) is a group of over 100 companies working together to measure corporate community investments. The LBG model is a global measurement standard developed to determine the businesses' contribution to the community, including cash, time and in-kind donations, as well as management costs. More information are available at the web page: http://www.lbg-online.net/.

represents an opportunity to improve staff participation in the building of cooperative identity and to measure the consistency of the activities performed with the corporate objectives and *mission*.

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