

DECISION RIGHTS, ORGANIZATION AND COOPERATION



Gaetano Martino

Dep. of Agricultural, Food and Environmental Sciences



Strategie cooperative e creazione del valore in una filiera
alimentare sostenibile”
Bisceglie – Trani, 13 – 16 settembre 2017





WHAT DO THEY SHARE?

Grana Padano, via libera a Piano Produttivo

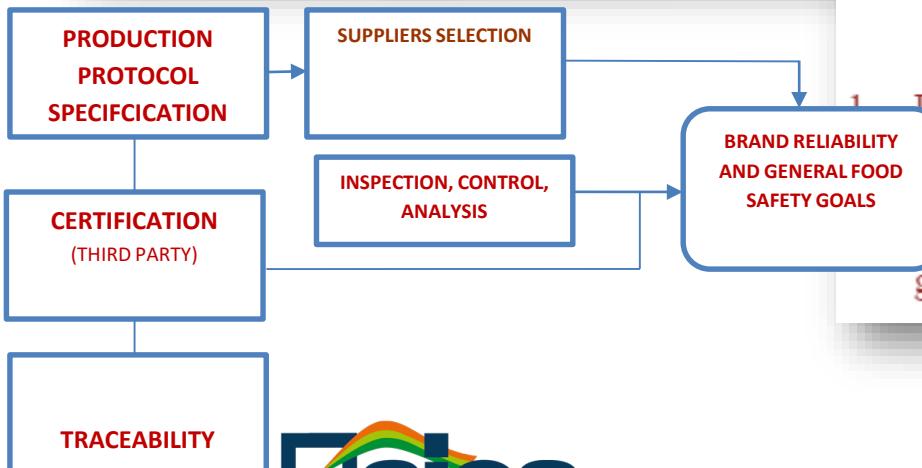
Approvato budget promozione per 26,5 mln euro



Redazione ANSA ROMA 18 dicembre



Transferring
decision rights ,
setting up the
governance of
trasactions



Articolo 4 *Contratto di filiera*

Il *Contratto di filiera* deve favorire processi di riorganizzazione fra i differenti soggetti della filiera, anche alla luce della riconversione dei compatti, al fine di promuovere la collaborazione e l'integrazione nella filiera stessa, stimolare la creazione di migliori relazioni e garantire prioritariamente ricadute positive sulla produzione agro-



- Allocation of the decision rights in Food chains concerns with detailed aspects of solving co-ordination problems
- *Faraway, so close:* theory and real world
- To negotiate decision rights enhances efficiency and performance in managing food value value chains



- Co-ordination problems and organizational variety in Agri-Food value chains
- What are the decision rights and why they matter
- Addressing Agri-Food chains organization:
safety, health, innovation



IT'S JUNGLE OUT THERE!

A co-ordination problem has *more* than one solution:
multiplicity of coordination mechanisms



VARIETY OF ORGANIZATIONAL FORMS IN AGRIFOOD-CHAIN

(Saccomandi, 1998; Klein, Mènard, 2004; Grandori, 2017;
Ménard, 2017b)



EXPLORING THE JUNGLE

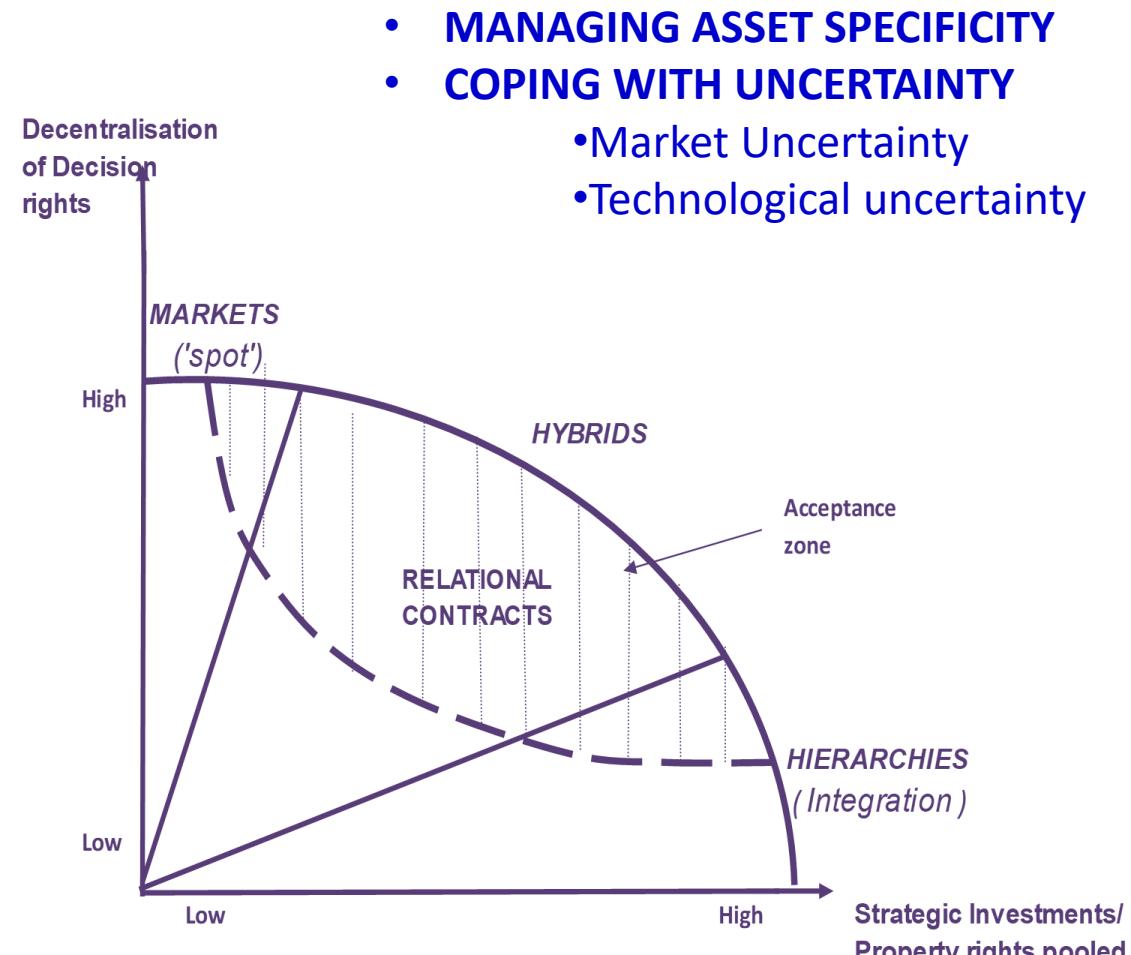
- **PROPERTY RIGHTS:** are about the residual claimant who, in last resort, can transfer rights to use and determine the conditions under which such transfer can be done
- **DECISION RIGHTS:** are about how these rights are going to be exercised, and/or about the procedures through which decision-makers can operate

Bearle, Means, 1932; Alchian, Demsetz, 1972; Baker *et al.*; Grandori, 2015; Ménard, 2013, 2017



AT THE CORE OF THE ORGANIZATION: (FRONTIER) THEORY

Γλωκωπισ



Ménard, 2013, 2017b



WHY DECISION RIGHTS MATTER (FARAWAY, SO CLOSE)

THEORY

- *Contract theory* (Hart, 1995; Baker et al., 2008),
- *Institutional analysis* (Ostrom, 2005; 2014)
- *Organizational adaptation theory* (Gibbons, 2005)
- *Transaction theory and organization theory* (Ménard, 2013, 2017a, 2017b; Grandori, 2015, 2017)

REAL WORLD

- Food safety
- Food Quality
- Product innovation
- Process innovation
- Production planning
-





ADDRESSING THE REAL WORLD: FOOD SAFETY

Successful EU response to BSE

BSE - a crisis in Europe and worldwide

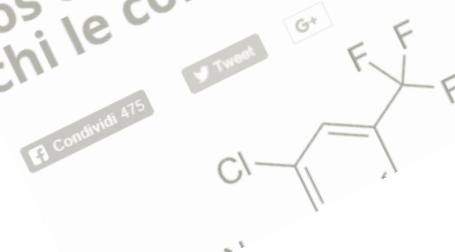
In the late 1980s and early 1990s Bovine Spongiform Encephalopathy (BSE) in cattle became first a European and later a global animal health and food safety crisis with major implications also on the trade and export of animals and derived products. Research suggests that the source of this disease was **cattle feed prepared from BSE-infected animal tissues**, such as brain and spinal cord. The infectious agent –

- **High health risk**
- **Loss of market value**
- **Reduction of brand value**



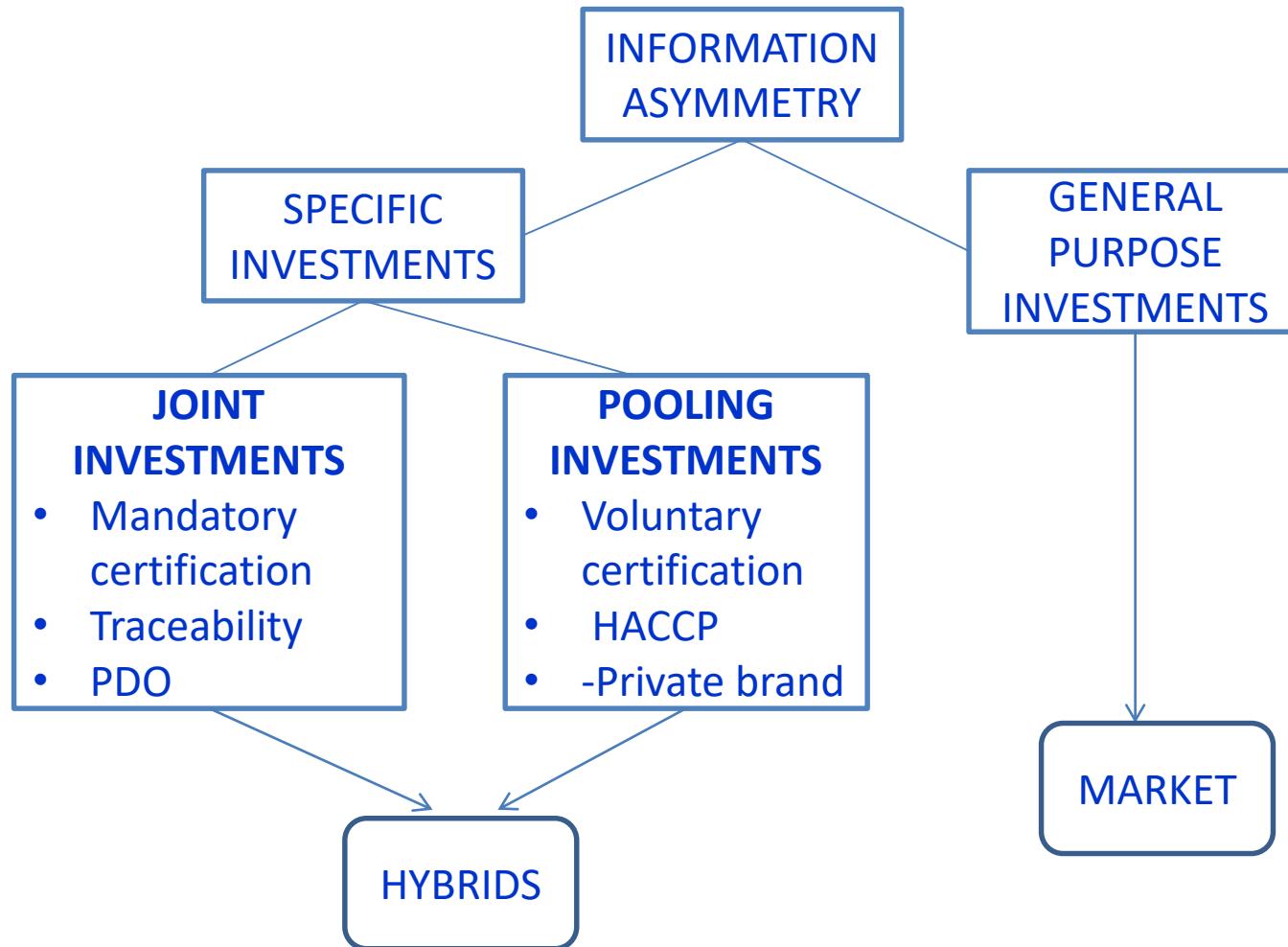
Strategie cooperative e creazione del valore in una filiera alimentare sostenibile”
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Lo scandalo delle uova infette:
cos'è il Fipronil e cosa rischia
chi le consuma?
Researchers, scientists,
world gathered re
chemical mix
A
Wa
Envi
RIVM
13 agosto 2017
Sono 15 i Paesi europei che hanno ricevuto
parte di uova contaminate dal Belgio e
Fipronil provenienti dall'Asia and the
decision-making on





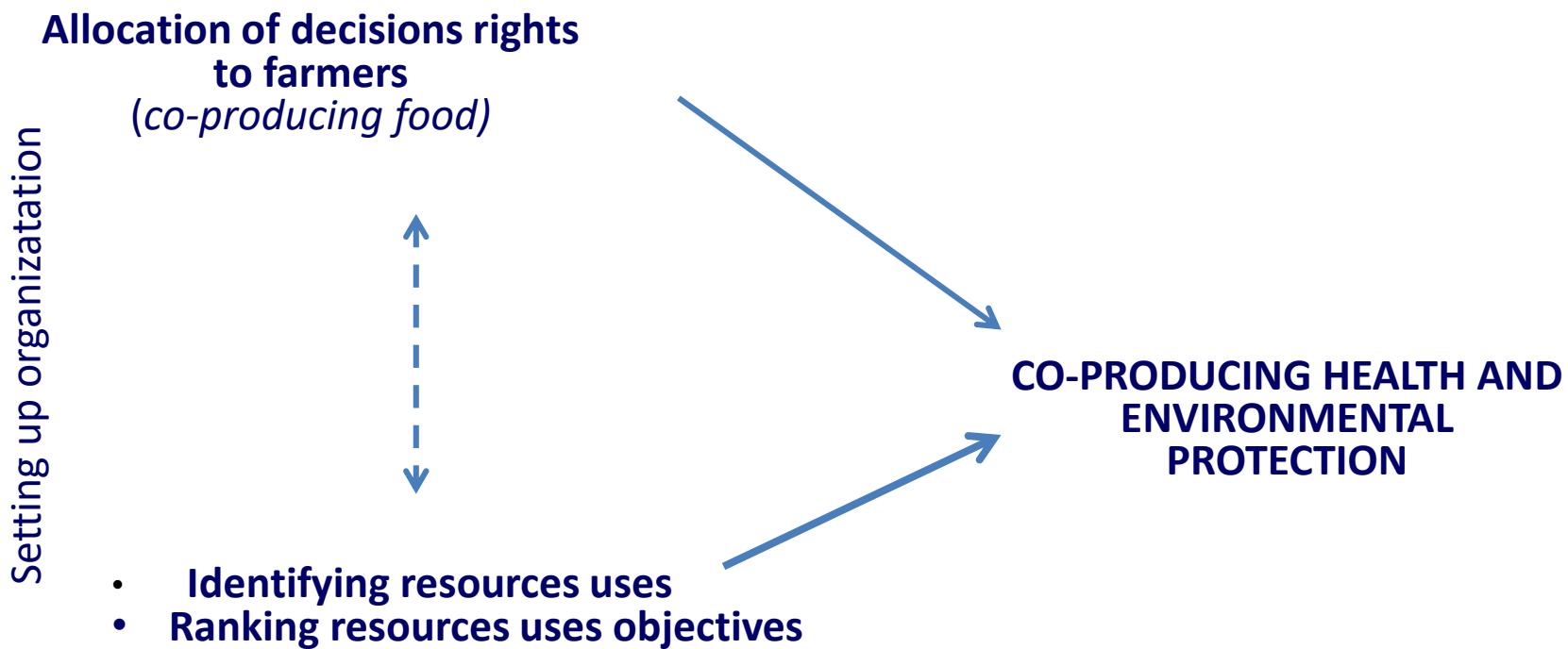
ADDRESSING THE REAL WORLD: FOOD SAFETY ORGANIZATIONAL SOLUTION



Ménard, Valceschini, 2005;
Martino, Perugini, 2006; Hammoudi *et al.*, 2013



ADDRESSING THE REAL WORLD: FOOD SAFETY NEW FRONTIER: CO-PRODUCING HEALTH



Fonte, 2015; Brunori, Rossi, 2012;
Martino *et al.*, 2016; Grandori, 2016



- How allocation of decision rights drive investments in food safety?
- How make regulation and private strategies complementary?
- Does an efficient allocation enhance safety performance?

- Innovation: *Make or Buy?*



Materia, Pascucci & Dries, 2017; Garcia Martinez *et al.*, 2014; Rulke, Zaheer & Anderson, 2000; Karantinidis *et al.*, 2010; McAdam, McAdam, Dunn & McCall, 2014; Martino *et al.*, 2017)



ADDRESSING THE REAL WORLD: INNOVATION A MORE COMPLEX PICTURE

- The allocation of decision right may stimulate **collaboration** (Gambardella, Panico, 2014)
- The **distribution of knowledge** influences the allocation of the decision rights (Mumdziev and Windesperger, 2011)
- It seem necessary to give room to «**improvement**» right (Bernstein, 2017)
- Specificc type of rights seems to influece specific **area of performance** (Floren-Fillol, 2017)

ADDRESSING THE REAL WORLD: INNOVATION WHAT WE DO NOT KNOW

TYPE OF DECISIONS

AREA OF DECISION
MAKING

KNOWLEDGE CREATION

TECHNOLOGY (Specification
and implementing)

PRODUCTION PROCESS
MANAGEMENT

MARKETING

TACTICAL

STRATEGIC





SUMMARY

- Co-ordinating solutions raise organizational variety
- Investigate Property/Decision rights to explore the jungle and enhance food value chains performance
- First territories explored:
 - Food safety strategy
 - Innovation strategy
- There is room for coping with new challenges



Coming soon!

G.Martino, L. Dries, K.Karantinidis, S.
Pascucci, J-M Codron, (Eds.)

IT'S A JUNGLE OUT THERE! THE STRANGE ANIMALS OF ECONOMIC ORGANIZATION IN AGRI-FOOD VALUE CHAINS



Wageningen Academic
P u b l i s h e r s

