



AN OVERVIEW OF MANAGEMENT SYSTEMS IN THE COOPERATIVE SECTOR. AN ANALYSIS OF THE ITALIAN LEGHE

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ABSTRACT

The paper is aimed at identifying the role of the Italian associations of cooperatives in the cooperative sector and, specifically, it addresses the issues of strategy definition, performance monitoring and stakeholders' openness. The cooperative sector is very important in the Italian economical and social system, in terms of diffusion, numbers and strategic relevance. The Third Sector literature on the cooperative system is sparse and there are few studies that deeply investigate the management and accounting objectives of the associations of cooperatives. The analysis was specifically addressed on the degree of coherence and the level of openness of the planning and control systems in the associations of cooperatives.

Drawing from a contingency approach, we tried to translate the concept of efficiency for the study of those complex organizations whose goals are strictly intertwined with the social development, the equality and the free participation.

In order to catch the fit between the associations of cooperatives and their environments, the study focused on the internal coherence and openness of their planning and control systems. The paper contributes to the extant literature on the cooperative sector as it considers the associations of cooperatives and their role in the sector, further it helps to identify the most important step and tools of the planning and control cycle. From an empirical point of view, it improves an eventual definition of the state of art within the associations of cooperatives and it indicates the development possibilities on both the present control tools and their use.

Key words: *planning and control system, coherence, efficiency, cooperative sector, cooperative associations.*

2. INTRODUCTION

In the UE definition, the Third Sector is a set of institutions of the economic system, that act as a third form of production of goods and services between the State and the private market. This definition, used in the report “A project for Europe” (1978), was specifically developed after the crisis of the welfare State, in the Nineties.

The definition evidences the presence and the contribute of the organized civil participation (in various forms: non-profit organizations, co-operatives, voluntary and charitable activities, non-governmental agencies) to the welfare of the society. According to Smith (2005, p. 463): «The voluntary and non-profit sectors are increasingly viewed as central to the vitality and health of democratic societies. [...]»

However, there is an intrinsic difficulty to identify specific and simplistic defining schemes as the Third Sector is a socio-economical and cultural reality in continuous evolution whose boundaries are intertwined with the public and private sectors and the no-profit organizations: «[...] the need to make a new definition for the sector which belongs neither to the public sector nor to the private profit sector is realized gradually for those who seek an alternative scheme of social and economic movements.» (Ishizuka, 2002, p. 242).

In Italy, the analysis of the Third sector has been approached in sociological (Cesareo, 1985) and economical studies (Zamagni, 1998, Ranci, 1994). Both these approaches use the term to indicate a set of practices and organizational actors of private nature that produce goods and services with a public or collective relevance. Some of the characteristics of the

Third sector organizations are listed below:

- No profit distribution
- Private juridical nature
- Presence of a formal Agreement and a Statute among the associated people
- Opportunity to have a quote of voluntary work
- Democratic principles of functioning (e.g. in the election of the representative organs and in the participation of the associated people).

These characteristics can be identified from the ISTAT census on the Third Sector and from the Italian national laws. With regard to those characteristic and to the definition of Third sector, the study of the cooperative sector through its associations can be framed in the Third sector analysis.

The contribution of literature, both national and international, in this research field is still increasing: «Yet studies of the sector have been slow to incorporate explicit attention to the role and impact of [some diversity] variables» (Smith, 2005, p. 464).

According to Soboh et al. (2009), empirical studies have failed to address the cooperatives' (and their associations') objectives as represented by the theoretical literature on performance. Thus, the paper tries to contribute to the extant literature on the Third Sector, focusing on the cooperative sector and especially on the associations of cooperatives. Additionally, we identify the role of the associations of cooperatives and, address the issues of strategy

definition and performance monitoring within the role that these associations act for their cooperatives.

The paper is organized as follows: the second section introduces the theoretical framework and the research questions, the third section identifies the general characteristics of the cooperative sector and the associations of cooperatives. A fourth section defines the methodology and method of empirical analysis and the fifth one explores the results on the associations of cooperatives. The final section discusses the contribute and limits of the work, in light of the evidences.

1. THEORETICAL FRAMEWORK

Perrow (1986) underlines the importance of the contingency paradigm¹ (technological school) in reason of the search for an economical fit between the organization and its environment of reference. This fit seems to be implicitly founded on the efficiency concept.

Perrow (1982) argues that the organization's context is represented by all other organizations that have similar interests, modes of framing their reality and power.

The Author studies an inter-organizational framework, recognizing different levels of analysis (such as network, industrial sector, nation, region, etc.) and identifying for each level a topic of empirical analysis in the contingency paradigm.

According to Pfeffer (1982, p. 8) in the contingency paradigm, the action is interpreted as the result of a conscious and forward-looking decision process.

The organizational design, composed by structure, strategy, planning and control system is the result of specific choices, and it aims at increasing the efficiency of the organization compared with its own context.

The contingency approach tries to found the rational behavior (goal-directed), assuming that the administrative activity (and the management activity) directly and positively affects the performance of organizations.

The aim of management is that to make operative what is necessary for the achievement of the (strategic) organizational goals.

Thus, in the contingency paradigm, the efficiency concept could be read as:

1. The relation between input and output,
2. The predictive definition of goals in order to improve the management control, through the comparison between goals and results in order to identify potential gaps,
3. The circularity and the coherence of planning and control steps (strategy definition, planning, reporting and control, Figure 1).

¹ The contingency paradigm developed in the Seventies thanks to the contribution of Thompson J. (1967), *Organizations in Action*, Mc-Graw Hill, New York; Lawrence P. R., Lorsch J. W. (1967), *Organization and Environment*, Harvard University Press, Cambridge Mass; Perrow C. (1967), "A framework for Comparative Organizational Analysis", *American Sociological Review*, vol. 32, n. 2: 194-208.

Figure 1 – *Circularity of the planning and control process*

Source: personal elaboration.

Despite the worldwide applicability of the contingency approach, there is a difficulty to study efficiency as an input-output relation in non-profit organizations. Those organizations use input (resources) and they certainly obtain output (e.g. services), however, the value of that output cannot be considered as a proxy of their final goal. On the contrary, it has to be considered as a mean to satisfy mutual needs. In this situation, the analysis of the input/ output relation becomes problematic and complex and it does not seem coherent with the discussed paradigm. Furthermore, for associations of cooperatives, like the Italian Leghe, the output such as the representativeness of the cooperatives, cannot be expressed through the amount of services provided and its evaluation implies the use of external factors like the degree satisfaction of the associated cooperatives. Those factors cannot be unilaterally expressed through the money unit but they must be weighted on subjective perceptions.

In consideration of these limits, we will focus the analysis on both the predictive definition of goals and the circularity of the planning and control system.

As showed in Figure 1, the circularity of a control process can be evaluated through the definition and coherence among strategy, planning and control system and performance evaluation system. According to Bubbio (1997, p. 3) this makes an organization able to act.

The elements of the cycle are defined as:

- Strategy: explicit definition of general objectives to be achieved in the medium long period,
- Planning (it implies budgeting): explicit translation of the general objectives in operative goals, assumed to the responsibility of the management,
- Reporting and Control of the results achieved in comparison to the planned goals, in order to outline eventual gap and the reasons of that gap. The analysis of the variances is at the basis of a performance evaluation system and it arises future corrective actions in the short and long term to ensure the achievement of the next goals.

The analysis will be structured in a contingency paradigm; in relation to the literature that investigate the cooperative sector (for instance, Soboh et al. , 2009), the paper intends to analyze the role of the associations of cooperatives in the cooperative sector (i.e. towards their cooperatives), addressing the issues of strategy definition and performance monitoring.

The aim of the study could be break down into the following research questions:

1. To define the level of coherence among the tools of the planning and control system among the associations of cooperatives:
2. Presence of management tools at different steps of the planning and control system,

3. Nature of the link between budget and performance evaluation.
4. To define the level of openness of the planning and control system among the associations of cooperatives:
5. Involvement of the stakeholders in the strategic/ planning step (input),
6. Involvement of the stakeholders in the communication of the organizational results (output).

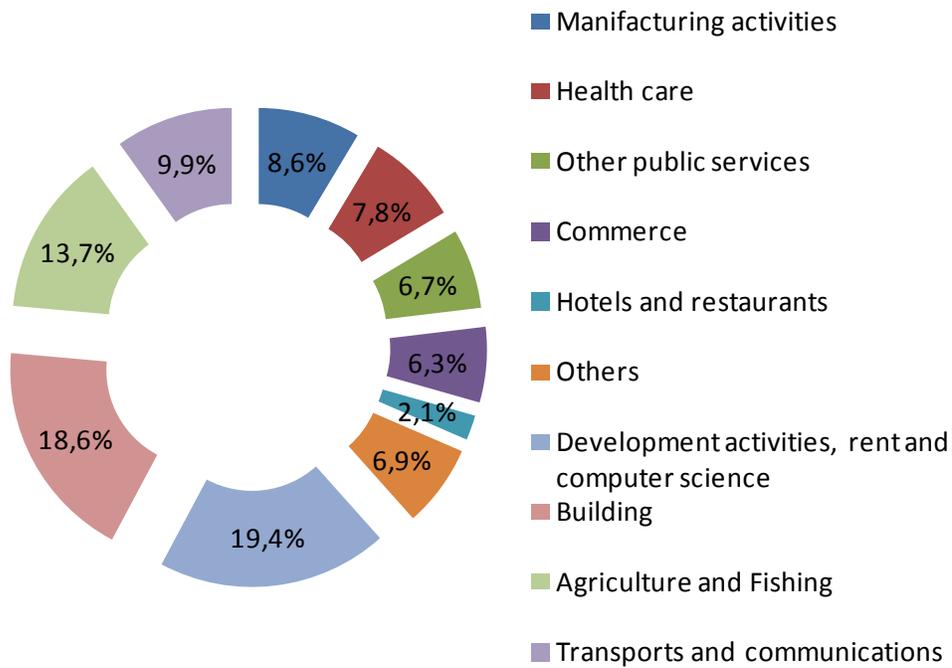
3. THE COOPERATIVE SECTOR AND THE ASSOCIATIONS OF COOPERATIVES

«Cooperatives are self-governing organizations with democratic characters aimed at meeting the members' needs and promoting social equity» (Mojtahed, 2007). Generally, there is a consensus in the economic literature that a cooperative is a user-owned and a user-controlled organization that aims at directly benefiting its members (Sexton and Iskow, 1993). The associations of cooperatives aim at spreading the cooperative values and creating network and services around their associated cooperatives. Since there are a wide variety of cooperatives (see also Salamon and Anheier, 1994), their associations have to manage a variety of needs. At this point, it is fundamental to identify the importance of the cooperative sector in Italy in terms of economic diffusion, numbers and strategic relevance.

Figure 2 evidences the cooperatives' distribution on the different economic sectors, in Italy, in 2005. The data come from officially Italian databases and they reveal a high concentration of cooperatives in the building sector (building, 18,6% and development activities, 19,4%) in the tertiary activities (transports and communications, 9,9%, commerce, 6,3% and hotels and restaurants, 2,1%). An interesting presence of cooperatives concerns the public sectors (like health care, 7,8% and other, 6,7%), while the presence of the cooperatives in the primary and secondary sectors remains under the 105 (9,9% and 8,6%).

The strategic relevance of the cooperatives is mainly tied to the capability of networking and impacting on the societal environment. This distinctive and success element is translated in specific values and principles of functioning and organization that distinguish the cooperatives as well as their associations. Both will be deepened in the following sub-sections.

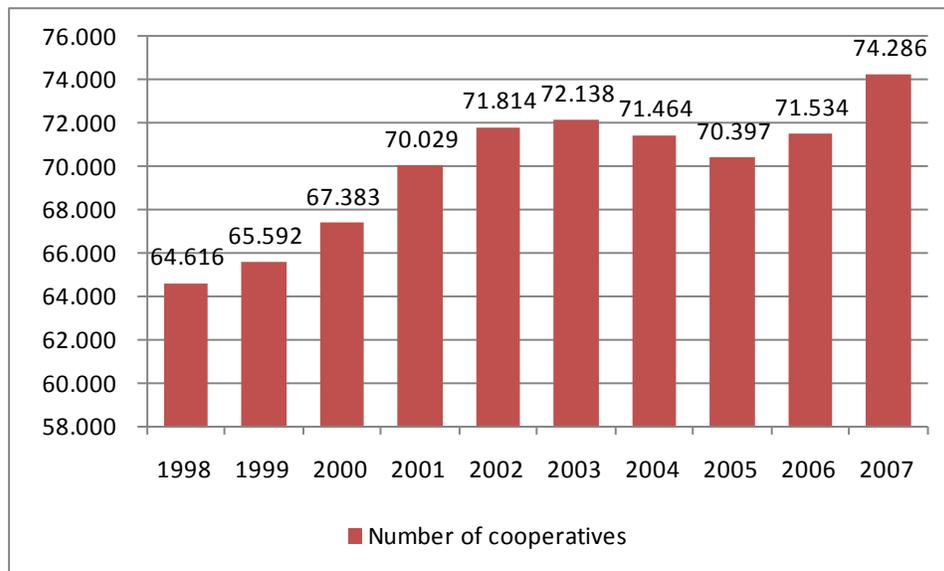
Figure 2 – Percentage of active cooperatives in the different economic sectors - 2005



Source: Censis elaboration on Unioncamere-Movimprese data, 2005.

Figure 3 shows the evolution of the number of cooperatives between 1998 and 2007: the increasing is progressive and steady.

Figure 3 – Evolution of the number of cooperatives 1998-2007



Source: Censis elaboration on Unioncamere-Movimprese data, 2008.

3.1 The cooperative sector: general characteristics

The cooperative sector was recognized in England in 1844, in England, when 28 workers created the first cooperative of consumers named “Rochdale Society of Equitable Pioneers”.

Although other cooperatives were previously founded, the Rochdale Pioneers’ cooperative was the prototype for that kind of organizations in Great Britain. The Rochdale’s principles have inspired all the cooperatives operating around the world, nowadays. The Rochdale’s Statute quoted that the purpose and agenda of that organization was to adopt measures in order to ensure the wellbeing and improve the family and social conditions of its members.

From that moment, the spread of the cooperative movement in Europe was very fast, especially in France, Germany and later in Italy.

According to Zamagni and Zamagni (2008), the cooperation is an internationally spread reality: the Nations with the higher number of cooperatives are Finland, Sweden, Ireland, Norway, Denmark, France, Canada, Japan, India, USA and Italy.

In the Scandinavian Nations (Finland, Sweden, Norway) the meaning of the cooperative sector (especially spread in the agricultural and financial support activity) is essentially political as their Government proposed that model of development as an alternative to the one of the close Russia and the other ex-URSS countries.

In Denmark, the associations of cooperatives are active in the economical and financial as-

sistance to the developing countries.

In France the cooperative sector was initially formed by “workers cooperatives” and it has received a formal recognition with a specific normative in 1947 and in 1968. The 1968 law recognizes the Groupement national de la coopération with representativeness aims at the French national level.

In Japan and India, the development of the cooperative sector followed the Occidental domination, while in the USA it mainly has a strong business development implication.

The first Italia cooperative was founded in 1854 in Torino, (North West of Italy), it was a consumer cooperative. It was aimed at facing a period of economic crisis. Two years later the first production cooperative was founded. In that period, the increase of relevance of cooperative sector follows from the attention paid to them by many historical and political such as Francesco Viganò (1807-1891), Giuseppe Mazzini (1805-1872) and Luigi Luzzatti (1841-1927). The cooperative model organization was officially recognized into Code of Commerce of the 1882.

The increased of number of cooperatives at the late of the nineteenth century (until First World War), favored the establishment the Federation of Italian cooperatives, which became “National League of Italian Cooperative” (known as National Legacoop or NLC), in 1893. NLC was founded in order to promote:

1. The development of the cooperation and the mutual assistance
2. The reciprocal solidarity and economic relations among the members of the

cooperatives,

3. The diffusion of principles and values of the cooperative model

As a matter of fact, cooperatives and their associations, in Italy, can be distinguished from the business organizations from the presence of specific elements (Table 1).

Table 1 – *Specific elements of the cooperatives and their associations*

Specific elements	Explanation
Social function	The art. 45 of the Italian Constitution recognizes the social function of the cooperation, its mutual aim and the avoidance of for-profit objectives. In Italy they are further regulated through the artt. 2511-2548 of the present Civil Code.
Mutual aim	The mutual aim means that the economic action is directed to the direct satisfaction of the associated people needs, thus the common will to preserve the own interests of consumers, workers, cultural operators, farmers, etc. The mutual aim cannot be translated in the profit distribution, but it has to be read, across the various economical sectors, as the guarantee of work, goods or services to the associated people. With the reform 2003, the present Civil Code distinguishes between cooperatives with prevalent mutual aim and the others. This distinction is valid for fiscal aims.
Free and voluntary participation	The cooperatives and their associations have to guarantee the openness to all the people interested in using their goods and services, who accept the connected responsibility, without sexual, racial, political or religious discrimination.
Open door	The admission of a new affiliate does not require a modification of the organization Statute
One affiliate, one vote	In a cooperative each affiliate has the right to express one vote, independently from the value of the quote of assets.
Democratic principle	The democratic principle is expressed through both the “one affiliate, one vote” and the motivated evaluation of the organization about the admission or rejection of a new affiliate.
Juridical nature	Even if the juridical form of a cooperative can be similar to a Ltd or an Inc, this concerns only the body of laws enforceable to the constitution, shares/ quotes, assets autonomy, balance-sheet requirements. It does not concern the mutual aim and the previous principles explained.
Variable assets	The amount of the organization assets can vary and it can be represented by shares or quotes
Autonomy	The autonomy concerns both the financial responsibility towards the third party and the independence. Financial responsibility means that the organization is responsible with its own assets. Independence means that the organization can represent itself and it can sign agreements with Governments and other private and public actors in its own in the favor of its affiliates.
Commitment to the society	It is a part of the mutual aim of the organization, that is committed to improve the social well-being and the sustainable development of the society through its activity and the pursuing of the policies approved by the affiliates
Education, training and information	The organization has to contribute to the social development and well-being through a continuous commitment to the information, education and training activities to the affiliates who require for them.

3.2 The associations of cooperatives: the Leghe of cooperatives (LCs)

The role of any professional associations is to defend the economical interests of those institutions or people that belong to a specific profession or economical sector (category) i.e. the craftsmanship. The professional associations safeguard the needs of the related sector, they make arrangements with other organizations, promote the establishment of consortia and pursue analysis of the specific sector.

The cooperative associations that operate in Italy are professional associations that safeguard the needs of the cooperatives. In Italy, those associations are in a number of four: Legacoop, Cofcoopeative, Unicoop and Unci. Each cooperative can choose the preferred association in relation to its needs and the type of services that the association provides.

Table 2 summarizes the main differences among the four cooperative associations.

Table 2 – Cooperative associations in Italy - 2011

Name	Year of Foundation	Aims	Geographical diffusion in the Country (nr):		
			National	Regional	Local
Legacoop	1886	<p>To promote cooperative values and culture. To favor the foundation of cooperatives, with a special attention to the geographical areas where the number cooperatives is few.</p> <p>To promote the entrepreneurial development, the social quality and the visibility of the associated cooperatives.</p> <p>To ensure the equality in the participation to the organizational decisions about the cooperative system.</p> <p>To ensure a continuous contribution to the achievement of social and economic objectives such as improving the market system, favoring the social cohesion, guaranteeing equity, integrating immigrant people, taking care of the safety conditions of work, etc.</p> <p>To promote the relationships among cooperatives.</p> <p>To promote the international improvement of the cooperative system, with special attention to the developing countries.</p>	1	21	76

Confcooperative	1919	<p>To promote the organization, development and coordination of the organizations with mutual aims.</p> <p>To promote the organization, development and coordination of the social organizations.</p> <p>To represent the economical interests and guarantee the moral aim of mutual organizations in Italy or in other countries.</p> <p>To represent the economical interests and guarantee the moral aim of mutual organizations' associates in Italy and in other countries.</p> <p>To guard the cooperation system model like a factor of social progress.</p> <p>To improve the cooperative value through training services to all levels of cooperatives' staff and management.</p> <p>To improve the solidarity value and the social organization through the promotion of public initiatives.</p> <p>To promote the cooperative system in developing countries.</p> <p>To improve the entrepreneurial knowledge in small and medium size firms or in family business. To improve the technical knowledge of their staff and employees on the use of production tools. To deliver services in the cooperative sector.</p> <p>To provide data collection and statistics elaboration about the cooperative system.</p> <p>To promote the image of the cooperatives towards their environment.</p>	1	22	81
Unci	1971	<p>To promote and improve the coordination among cooperative initiatives and to favour the widespread of both the mutual principles and the cooperative model, with specific attention to workers' interests, consumers' or producers' needs and social interests.</p> <p>To promote the constitution of financial organizations to support the cooperative system.</p> <p>To promote and organize the social organizations within the National Federation.</p> <p>To coordinate the functions and actions of the associated organizations towards the social wellbeing.</p> <p>To represent the economical interests and guarantee the moral aim of mutual organizations and their associates.</p> <p>To study the legislative evolution of the cooperation system and act in order to foster legislative reforms, in coherence with the cooperative principles.</p>	1	17	41

Unci	1971	<p>To elect and name the cooperatives' representatives in those institutions that provide the interests representation of the cooperatives.</p> <p>To provide legal, technical, fiscal, economical, financial and administrative assistance for the constitution and functioning of the associated cooperatives.</p> <p>To edit and publish periodical reports of the association, concerning the state of the cooperative system.</p> <p>To provide a funding amount for the mutualism, in order to promote and develop the cooperative organizations.</p>	1	17	41
Unicoop	1999	<p>To promote the organization, development and coordination of the mutual organizations.</p> <p>To promote the organization, development and coordination of the mutual organizations, with special attentions to the developing and democratic nations.</p> <p>To guard the cooperation like a change and development factor for social organizations.</p> <p>To promote the organization, development and coordination of the mutual and cooperative organizations with no-profit organization that have social goals (ONLUS).</p> <p>To represent the economical interests and guarantee the moral aim of mutual organizations and their associated, in Italy and at the international level.</p> <p>To improve the entrepreneurial knowledge of the cooperatives' chief financial officers, their staff and their workers.</p> <p>To improve the entrepreneurial knowledge of the small and medium size firms or family business, their staff and their employees on the use of the production tools. To deliver services to the cooperative sector.</p> <p>To sponsor the local organizations to promote assistance, direction and training for people who want to start an economic activity with a cooperative or another social model.</p> <p>To improving the legal, administrative, financial, economical and organizational assistance to the cooperative system.</p> <p>To promote the communication and improve the image of the cooperative sector.</p>	6	10	61

Source: personal summary and elaboration from the Statutes of Legacoop, Confcooperative, Unci and Unicoop, 2011.

The Table 2 shows a great similarity among the aims of the four main cooperatives associations in Italy. The statutes analysis underlines some common denominators about the aims of the cooperative associations, for instance: to promote, develop and safeguard the cooperative organization, their work and their improvement.

The presence of different associations with similar aims in the cooperative system can be justified through the political diversity (thus the various streams of political ideology representativeness).

The present analysis was addressed to the Leghecoop because:

- The Leghecoop were the first cooperatives association, in the Italian history
- The association has a good geographical distribution (especially at the local level: 76 Leghe), thus it is presumable it has a good territorial representation over the cooperative system (number of cooperatives associated on the total number of cooperatives).

Legacoop was constituted in 1886: it associated 248 cooperatives without a political distinction among them (Bagnoli, 2008). Its foremost aim was to sustain the promotion and development of the cooperative system and to favor the relationships among cooperatives. To achieve this goal Legacoop has always supported the constitution of new cooperatives and increased the role and compliance to cooperative values.

Legacoop was founded in compliance with the same principles and values of the cooperative

organizations, like democracy, pluralism, free participation, emancipation².

As a consequence, it is possible to recognize the presence of common values in Legacoop and its associated cooperatives. The extent of those values and the cited commonality have to be both taken into account in the analysis of the management and control system.

Legacoop has a pyramidal structure that matches with the different geographical levels: at the top there is the National Legacoop, then there are the regional Leghecoop organizations (21) and each of them can have a different number of Local Leghecoop organizations (76 in total).

The degree of autonomy of the local level associations (in delivering services and managing the decisional processes) is decided by each regional Legacoop.

As a matter of fact, it is possible to have a different autonomy degree among the Local LC organizations. For instance, in the Veneto Region the local associations are less important than the regional association in the cooperatives' representation matters. The goals, services and activities are decided at the Region level while the local level is concerned with the sole improvement of local relationships among cooperatives and the delivering of limited typologies of services. The relationships between Regional and Local associations are more intense than the relationships between local associations and their associated cooperatives.

² References on the cooperative values are present in the "*Dichiarazione di identità cooperativa*" (Declaration of cooperative identity) approved in the XXXI Congress of the International Cooperative Alliance (ACI), Manchester 20-22 September 1995.

In other Regions, like Emilia-Romagna, the Local LC organizations are fully responsible on the achievement of their goals, the providing of services and the management of their activities.

The relationships among all the different levels of Leghecoop organizations could be read as:

1. Vertical relations: meetings, congresses, seminars organized at every organizations levels, in order to promote and develop the reciprocal relationships and communication.
2. Horizontal relations: they concern the LC organizations at the same geographical level.
3. Sector relations: they concern, at all levels, the economical sector of pertinence of the associated cooperatives. As the Leghecoop associate the cooperatives pertaining to different economical sector, the Leghecoop are internally divided in areas (or organizational units) plus a series of services for all the cooperatives.

Despite the considerations about the regional diversity in the degree of autonomy of the local Leghe, we tried to run a national survey, including all the local Leghe in order to have mean data as a first beginning point for further research developments.

4. METHODOLOGY AND METHOD

To analyze the degree of coherence and the level of openness of planning and control system in Italian LC organizations the research

was developed through a contingency approach. The chosen methodology was qualitative, and the analysis was conducted through the use of a survey. The survey was addressed to the Presidents of the local LCs, because the local level is the most relevant in terms of subsidiary.

The President is the formal representative of the Lega organizations and he is elected by the cooperatives associated. He is the highest management level into Lega organization. He responds at cooperative associated about the degree achieving of the goals. He defines the organizations goals and modalities to achieve. Considering the research questions and the role of the President into the organization he has been chosen how responding subject.

The structured questionnaire, at the bases of the survey, was conceived after a literature analysis about the relevance of the control systems implementation in no-profit organizations (Third Sector) and the main critical aspects concerning its application.

In order to define the final version of the survey questionnaire, it was necessary to understand the LCs organizations reality. We conducted a previous analysis of the institutional documents of local LCs and an interview to the most relevant actors in the local LC (e.g. the vice-president). The interview was semi-structured in order to check for the most important variables and elements of the cooperative organization and values. The interview was directed to outline the territorial organization (national, regional and local) of the LCs and the different roles of the geographical levels in pursuing their institutional goals.

The questionnaire structure is as follows:

1. LC general data such as the denomination of the organization, the number of associated cooperatives, etc.
2. Section 1: this section analyses which are the services that LCs provide and their relevance for the organization.
3. Section 2: this is the main section. It intends to outline which is the internal structure the planning and control systems organization.
4. Section 3: this one is directed to acquire information on the relationships within the LCs and their stakeholders. Particularly to capture how the stakeholders are involved in the organization decision system.
5. Section 4: the last section intends to outline the relationship between the LCs and their cooperative associates.

The response scale to the questionnaire questions is mainly the Likert scale (1-7 where 1= low, and 7 = high) for those elements that imply the perceptions of the respondents.

After drafting the questionnaire, it was tested in a LC organization and then it was sent to the whole universe of 76 Italian local LC organizations.

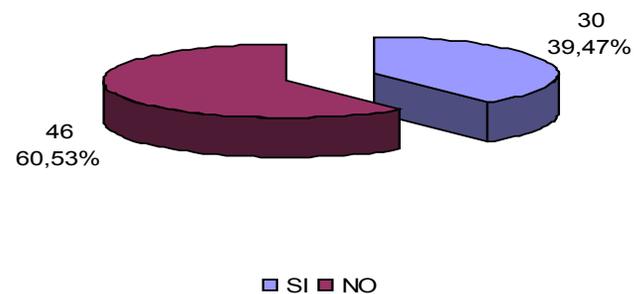
The type of mailing was chosen according to the expressed preferences of the addressed LCs. Before sending the questionnaire, the LCs were contacted by phone to inform them about the research project. In that moment they were asked about their preferences in getting the

questionnaire: traditional mail or e-mail. 16 of them chose the traditional mail and 60 the electronic mail.

5. RESULTS ON THE MANAGEMENT OF THE COOPERATIVE ASSOCIATIONS

The results of the present work are referred to the cooperative Associations named “Leghe” of cooperatives (singular: Lega). They are the most spread and ancient (founded in 1886) associations of cooperatives in Italy. At the local level, the survey was run on the whole number of Leghe: 76, with a response rate of 39,47% (as showed in Figure 1bis).

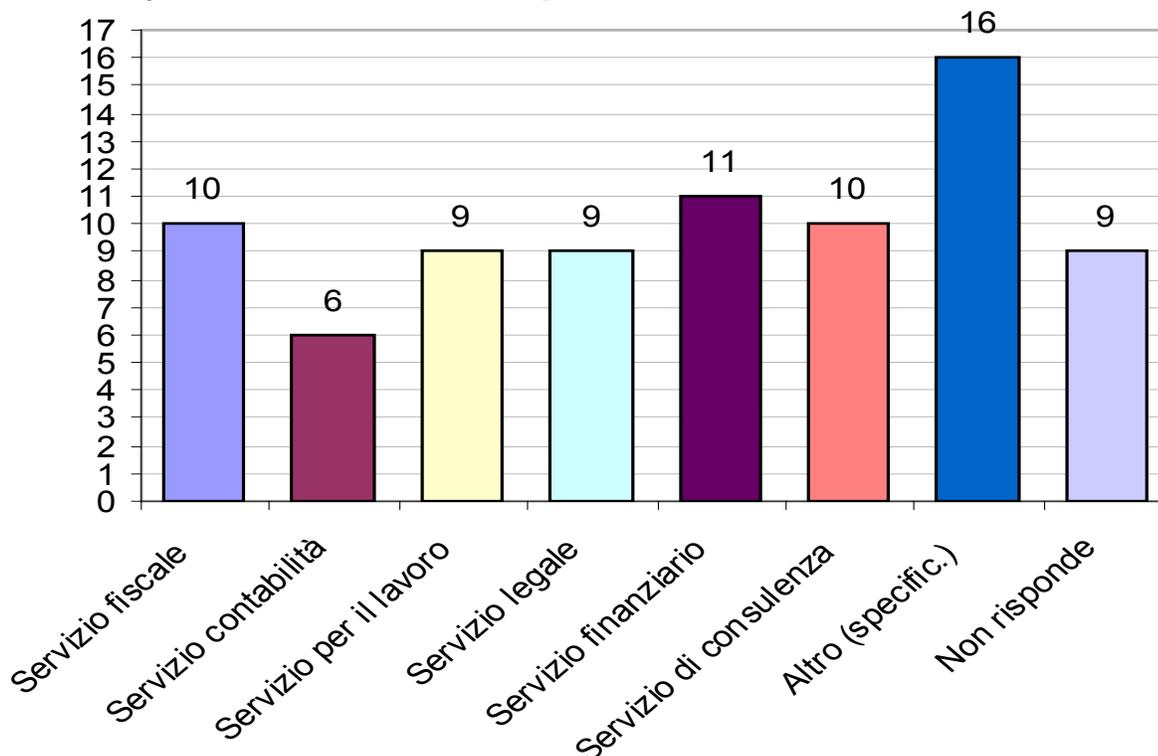
Figure 1bis – Response rate



The Leghe offer to their associated cooperatives a bunch of services, especially financial and fiscal advice and other types of consultancy (work training, adaptation to the work security normative, promotion of the cooperative network, etc.)

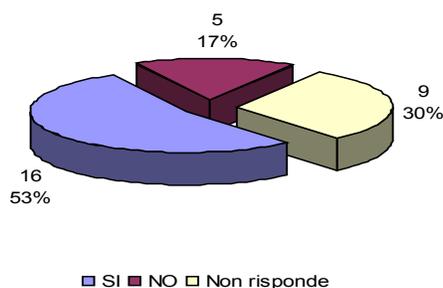
The Figure 2bis shows the number of Leghe that offer the specific services, evidencing that most of them (11) offer financial services together with a fiscal service (10) and individual consultancies to their cooperatives (10). “Other services”, offered by 16 Leghe, appears as a mixed category (the respondents indicate the work training and the adaptation to the work security normative as the widespread activities within “other services”).

Figure 2bis – Leghe’s services to their associated cooperatives



A 53% of the respondents also indicates a specific commitment to the promotion of new services (Figure 3) for their associated cooperatives. These pertain especially the adaptation to the work security normative (12 Leghe) and the application of the environmental normative (10 Leghe) however none of the Leghe replied about their ownership of a specific certification on the above mentioned subjects (work security and environment).

Figure 3 – Leghe’s commitment to the offer of new services



The analysis of the sector composition of the Leghe’s associated cooperatives (in terms of revenues, Table 1bis) shows a prevalence of the commercial cooperatives: the commercial cooperatives involve both the consumers and the retail dealers, who mainly ask for both fiscal and consultancy services.

The first column of the Table is dedicated to the type of question and the last two columns evidences the mean and standard deviation on the Leghe’s replies. The means concern the Leghe’s perceptions on the defined questions on a Likert scale 1-7 (1: low and 7: high).

Table 1bis – Composition of the Leghe's associated cooperatives

Questions	Mean	Std Dev
<i>Cooperatives' sectors in terms of Leghe's revenues</i>		
Agriculture	2,55	2,61
Hotel and restaurants	1,95	1,10
Public services	3,97	3,32
Estate, computer systems and research activities	3,17	3,86
Manufacturing	4,03	4,11
Commerce	5,86	2,55
Building construction	3,85	3,71
Health care	4,10	5,33
Transport and communication	3,93	2,07
Other	3,92	1,54

5.1 Results on the use of control tools

In relation to the first research question (level of coherence among the tools of the planning and control system among the associations of cooperatives), the analysis searched for both the level of diffusion/ use of the planning and control tools and the link between budget and performance evaluation system.

The results on the strategic planning are evidenced in Table 2bis: they show a high level of clearness and communication of the strategic objectives within the Leghe's organization. They are mainly based on the spread of the ethical values of the cooperative system and on the representativeness principles.

Table 2bis – Leghe's strategy planning

Questions	Mean	Std Dev
<i>Planning and control systems. Strategic variables</i>		
The Lega's strategic objectives are clear and the whole organization know them	6,27	0,69
The definition of the Lega's strategic objectives is based on historical and perspective scenarios about the associated cooperatives' sectors	5,90	1,27
The Lega's strategic objectives are communicated to the whole organization	5,83	1,32
Each Lega's strategic objective is accompanied by the definition of a specific action to reach it	5,47	3,02

The interview to the President of a Lega clears the strategy pillars: «when we talk about our association, it is different from talking about a business organization. We work on three structural functions: cooperative representation, services, promotion of development opportunities, and two collateral functions: promotion of the cooperative network and monitoring on the characteristic of the cooperative system. We adhere to the values declaration of ACI that redefines at the national level the original principles of the Rochdale cooperative: open door, free, voluntary and democratic participation (one head, one vote), pluralism and economical emancipation. Our organization is not for-profit but its effectiveness is developed through a continuous relationships with cooperatives, workers, sector associations and the local socio-political environment. Those relationships allow the cooperative representation: they make the cooperatives' interests known in the local envi-

ronment. About the Lega's services to the associated cooperatives, the aim is to develop their own competences taking into account that they are initially founded with a little amount of asset and a poor organizational structure. However, the monitoring does not concern the audit of their balance-sheets: it concerns the check of the presence of mutual values in their respective Statutes and activity. [...] The associated cooperatives have different sizes and needs and the recent reform of the societal law (decree law 6/2003) has had an important impact. It distinguishes between cooperatives with prevalent mutuality and the others: this distinction is important for fiscal aims, thus the reform fostered the requirement of fiscal services from the Lega.»

Both the survey results and the interview evidence the quality of the Lega's strategic objectives and the importance of the associated cooperatives in the specific definition of the Lega's strategy.

The survey further evidences the use of the budget as the main tool of operative planning. In the exploration of its use, it emerges that it supports the coordination among the operative objectives and it motivates the managers of the different services. However it is scarcely used as a basis to evaluate the services' offer (the variance on a mean response of 5,17 is 3,15) and/or the managers' performances (mean: 4,30, see Table 3).

Table 3 – *Leghe's use of the budget*

Questions	Mean	Std Dev
<i>Use of the Budget</i>		
To support the coordination among operative objectives	6,03	1,03
To communicate the operative objectives to the managers	5,76	1,90
To motivate the managers to reach their objectives	5,72	1,78
To make the managers have a services vision towards the associated cooperatives	5,83	1,72
As a base for the performance evaluation of the different managers	5,17	3,15
As a base to evaluate the services offer	4,30	1,38

In order to verify the coherence of the control cycle, those results have to be compared with the performance evaluation system of the Leghe.

In turn, the performance evaluation system is based on a systemic reporting. The interview to a President of a Lega points out that: «The reporting of the Lega's activity is based on the President's report and the sector reports of the different area managers. Of course, we analyze the revenues (total and per sectors), the number to associates, the level of employment, the type of employment contracts, the age of the managers, the number and kind of relationships between the Lega, its cooperatives and the socio-economic environment. This reporting is aimed at evaluating the whole impact of the Lega on its environment, however it is difficult to identify a specific business model of reporting as we do not know appropriate indicators. For instance, how do we catch the

results of the representativeness activity for our cooperatives? The balance-sheet indexes are insufficient to catch the results of the whole Lega's activities. Sometime we ask to a consultant for the monitoring of the level of satisfaction from the associated cooperatives».

The survey deepens the aspect of the Leghe's performance evaluation system and Figure 4 analyses the level of diffusion of the performance evaluation system with reference to the different services, while the Figure 5 shows the level of diffusion of the performance evaluation system with reference to the Lega's managers.

Figure 4 – Leghe's performance evaluation system on services

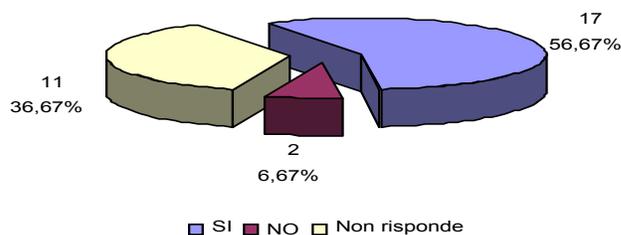


Figure 5 – Leghe's performance evaluation system on managers

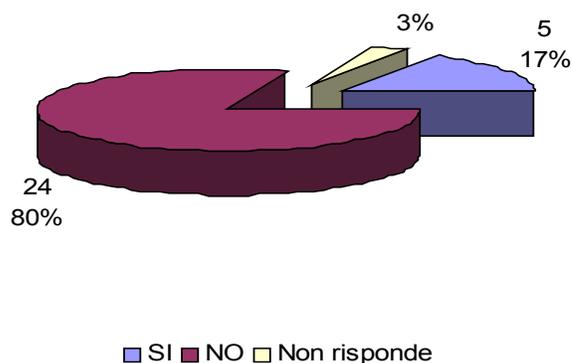


Figure 4 shows that the performance evaluation system is diffused in the 56,67% of the Leghe respondents in order to express an evaluation on their services.

However, only the 17% of the respondents use the system to evaluate the managers' performance too.

At this step, it remains difficult to understand how the Leghe perform the evaluation on their services as they previously stated to avoid the use of the budget as a base to compare the results.

Further, the respondents were asked to identify the subjects who expressed the evaluation: the results are systematized in Table 4, that evidences the importance of the senior managers and the consideration of the associated cooperatives in that kind of evaluation. Table 4 indirectly represents the Lega as a hierarchical organization where the role of the associates is quite important for the performance evaluation, even if the variance on the replies is high. Nevertheless, it is not clear how the Lega catches its associates' evaluation as the latter appears to be not systematized in tools or in periodic marketing surveys.

Table 4 – Who performs evaluation

Questions	Mean	Std Dev
<i>Level of involvement of the following subjects on the performance evaluation</i>		
Senior managers	6,33	0,27
Senior managers (indirect)	6,20	0,70
Colleagues	3,40	3,30
Associated cooperatives	5,00	4,50
Other stakeholder	3,40	5,30
Consultants	3,00	5,50

The results on the use of the control tools evidence that managerial tools are present at the different step of the Leghe's planning and control system however it is not clear the interlinks among the different tools. The weight of the strategy reveals that its explicit definition is the most important step for the Leghe, above the use of the budget or the performance evaluation system. The respondents stress the involvement of the associated cooperatives, as their main stakeholders, overall the control system. As a matter of fact, this involvement is not systematized in specific tools or forms of marketing consultations, and it requires a specific investigation in the following section about the level of openness of the planning and control system.

The efficient use of a planning a control system requires a coherence and a fit between the step of planning and that of performance evaluation.

The results of the survey show that the budget is mainly used to motivate and drive the Lega to reach its strategic objectives but it is scarcely used as a mean to report the performances of the various services.

Further, only 17% of the respondents uses the performance evaluation system on the managers' activity, thus it could be important to address more the potential of those tools, in order to improve the Leghe's organizational efficiency.

The questionnaire does not catch the "operationalization" of the strategic objectives in the operative planning. On the other hand, the operative planning, conducted through the tool of the budget, seems to concern only the services among the various activities performed

by the Leghe (e.g. representation, development of the cooperative values, ...). In this conditions, there is the potential of a detachment between the strategy and the effective Leghe's activity and, above all, there is the possibility of self-determinism and the risk of avoidance of the real stakeholders' needs.

5.2 Results on the level of openness of the planning and control system

The second research question involves the level of openness of the planning and control system in the associations of cooperatives, with reference to both the involvement of the stakeholders in the strategic/ planning step (input) and in the communication of the organizational results (output).

In the evaluation of the stakeholders' involvement, the Leghe were asked to identify, on a Likert scale 1-7 (1 = low and 7 = high), the role of the most important actors in the definition of their strategy (Table 5).

Table 5 – Who and at what level are involved in the Leghe's strategy?

Questions	Mean	Std Dev
<i>Planning and control systems. Strategic variables</i>		
The Lega's strategy involves the associated cooperatives	5,83	2,28
The Lega's strategy involves other institutional organizations (both private and public)	4,93	4,13
The definition of the Lega's services to the associated cooperatives is based on a marketing survey about their needs	4,10	3,09

The results of Table 5 show a high involvement of the associated cooperatives, while there is a high standard deviation about the involvement of other institutional organizations. It seems that the strategy would be finalized to the sole cooperatives (mean: 5,83). Nevertheless the possibility to define the Lega's services on the basis of the cooperatives' needs shows a little support, especially if referred to marketing surveys on the subject (mean: 4,10).

The results on the involvement of other institutional organizations (than the associated cooperatives) requires to be deepened through the frequency of relationships between the Lega and those stakeholders.

Table 6 shows the frequency of relationships between the Lega and some private and public actors:

Table 6 – *Leghe's environmental relationships*

Questions	Mean	Std Dev
<i>Frequency of the relationships with private and public institutions:</i>		
Municipality	6,07	0,89
Province	6,17	0,83
Region	5,67	1,26
Other public actors	5,93	0,92
Other Leghe	6,03	1,07

Table 6 evidences a high frequency of those relationships, thus it becomes difficult to interpret the response about the scarce involvement of the indicated stakeholders on the Lega's strategy.

It is possible to hypothesize a high division, within the Lega's organization, between the strategic apex (who defines the strategy) and

the eventual offices that cultivate the external relationships, otherwise the results have to be interpreted as a scarce Leghe's consciousness on the importance of the other stakeholders (than the associated cooperatives) when they elaborate their own strategy.

When we analyze the involvement of the stakeholders, overall the planning and control system of the Leghe, the most important result is the recognition of importance of the associated cooperatives in both the step of strategy definition (previous Table 5) and performance evaluation (previous Table 4). This evidences a high level of openness of the Lega towards its associates, while the relationships with the other private and public stakeholders reveal a high level of openness in the definition of the Lega's own environment of reference.

The most relevant aspects of the relationships between the Leghe and their stakeholders can be caught with reference to the use of some reporting tools like the social report and the Lega's mission report.

Despite Figure 6 denounces a scarce use of the social report (only 16,67% of the respondents use it), Tables 7 and 8 clarify that both the social report and the Lega's mission report are highly thought as means of external communication and sharing of the cooperative values, in order to improve the link with the environmental stakeholders and drive their attention to the role of the Lega.

The tools are not used for internal purposes, for instance to improve the organizational reporting (mean: 4,83 in Table 7).

Table 7 – *Leghe's use of the social report*

Questions	Mean	Std Dev
<i>The social report is used as:</i>		
Mean to communicate the Lega's values to the environment	6,67	0,67
Mean to communicate the Lega's results to the environment	6,50	0,70
Mean to favor the participation of external stakeholders	6,50	0,30
Mean to favor the relationships with the environment	6,67	0,67
Mean to improve the Lega's image and its stakeholders' consensus	6,50	0,30
Mean to widen the internal reporting	4,83	0,57

Table 8 – *Leghe's use of their mission report*

Questions	Mean	Std Dev
<i>The aim of the mission report is</i>		
To clear and identify the Lega's mission	6,50	0,50
To share the Lega's values with its associates	5,50	0,50
To make clear the strategy to the Lega's workers	5,00	2,00
To favor the improvement of a general cooperative culture	7,00	7,00

The results on the level of openness of the planning and control system in the Leghe of cooperatives show a high level of openness both in input and in output.

6. FINAL REMARKS

The analysis tried to contribute to the extant literature on the Third Sector (such as the voluntary, charitable, cooperative, religious, health and educational organizations) focusing on the cooperative sector and, specifically, on the associations of cooperatives.

The size and diffusion of the cooperative sector in Italy and the specific attention devolved from the law to that type of organizations motivated the present analysis.

The results of the survey conducted in 2010 outlines some interesting aspects of the associations of cooperatives concerning both their need for an efficient system of planning and control and their openness towards their stakeholders.

The role of those associations is strictly connected to improvement of the social values, thus it was particularly complex to understand the boundaries of application of a contingent paradigm in the evaluation of the efficiency of their systems.

The analysis encompassed the coherence among the tools of the planning and control system, in those Italian associations of cooperatives called Leghecoop.

The study was run on the whole number of local Leghecoop within the national boundaries.

Drawing from the research questions of the study (i.e. the level of coherence among the managerial tools of the control system), the results of the study evidence that:

1. the managerial tools are present at the different step of the Lega's planning and control systems, however the inter-links among the different tools are not clearly defined;
 2. it is difficult to understand the means of declared involvement of their main stakeholders (associated cooperatives) within the control system as the latter deficits of specific tools to catch that involvement;
 3. the budget is used to support the coordination among the operative goals and to motivate the managers of the different services, however
 4. there is a scarce use of the budget as a basis to evaluate the services' offer and/or the managers' performances;
 5. there is a low degree of coherence and fit between the planning and the performance evaluation: budget is mainly used to motivate and drive the Lega's management to reach its strategic objectives, but it is not used as a mean to report the performances of the various services or the various managers;
 6. the performance evaluation system is at a low implementation especially with reference to the managers' activity;
 7. the definition of the strategy appears as the foremost step of the system, where the Lega is able to involve and define the balance among the associated cooperatives, the mutual aims and the different stakeholders' interests.
- With regard to the second research questions (i.e. the level of openness of the system), the data analysis underlines a high level of openness both in input and in output: the most important moments are the strategic planning and the external reporting, however the relationship with the environment is not systematic.
- The Lega considers the relationship with the environment as fundamental, but the means to catch and understand the support of the stakeholders seem to be weak.
- In input, the openness mainly involves the associated cooperatives, while in output it refers to the whole environment. The latter is considered in input through a series of relationships that do not seem consciously considered in the Lega's strategy definition.
- The present level of efficiency in the Lega can be evaluated in the way of:
1. The absence of a network between the strategic objectives definition and a performance evaluation systems
 2. The absence of a systematic relationships with its environment (or better with their means stakeholders) to capture the new interests and needs.
- A critical aspect of the study is that the questionnaire, used for the survey, does not catch the "operationalization" of the strategic objectives in the operative planning. On the other hand, the operative planning, conducted through the tool of the budget, seems to concern only the services, while the other various activities performed by the Lega (e.g. representation, development of the coopera-

tive values, ...) are excluded from that area of economic rationalization. In these conditions, there is the potential of a detachment between the strategy and the effective Leghe's activity and, above all, there is the possibility of self-determinism and the risk of avoidance of the real stakeholders' needs.

Further research can clarify and quantify that eventual detachment, through the comparison with both the cooperatives' perceptions and needs and other international realities ■

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