

Accounting and Management of the Agribusiness Industry

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in the Agribusiness Industry

Edited by Massimo Sargiacomo

Accounting and Management of the Agribusiness Industry

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Foreword

There are no doubts at all that Agribusiness activities and Food are on the political agenda of any country in the world, as well as on the tables of many supranational organizations, as a pivotal point for the future of human beings. According to the World Bank 2016 Report on *Enabling the Business of Agriculture*, “the challenge of feeding a world population of 9 billion people by 2050 can be met only through vibrant, productive, profitable and sustainable food and agriculture sectors” (World Bank Group, 2016, p. VII). Indeed, in the last decade the growing international debate on the Agribusiness sector and Food industry witnesses the increasing concern on the different issues pertaining to economic sustainability, innovation, accounting, quality, management, safety, etc. (e.g.: FAO, 2016; WFP, 2016), whose different perspectives cannot allow to concurrently answer to all the main questions, as per their paramount importance for the future of the planet.

In this volume we use an accounting and managerial perspective to analyse different issues related to the agribusiness industry. Therein, it is interesting to note that in the last decade there has been an increasing attention in the managerial and accounting research agenda of agriculture, food and agribusiness industry (e.g.: Bell and Shelman, 2011; Quinn, 2014; Walker, 2014, Messeni Petruzzelli and Svejnova, 2015). Indeed, whilst much time has passed since prior sporadic studies in this field of research (e.g., Maxwell, 1946; Cribari, 1953; Freear, 1970), a continuous flow of new research has emerged in the last years (e.g.: Consorti et al, 2016; D’Amico et al, 2016; Shelman et al, 2016; Slavich and Castellucci, 2016).

By adopting a managerial and accounting perspective, in this volume we seek to provide some answers to specific issues related to the wine, chocolate, coffee, dairy, poultry and beekeeping industry, at the same time paying attention to financial statement analysis of the existing companies in the broad Mediterranean area, as well as to the propensity of earnings manipulation of EU agribusiness companies vis-à-vis US based industries.

In particular, De Micco, Fabietti, Maraghini e Riccaboni, initially stress the pivotal relevance of agriculture and food in the global agenda of the future. In a related manner, in light of the current global economic, social and environmental scenarios, they investigate the main issues related to agriculture and food in the Mediterranean area. The

co-authors then illustrate a macro-economic analysis of the agri-food sector. Moreover, by analysing the aggregated financial statements of the companies, it is later provided a thorough accounting-based examination of the sector, focusing either on the Mediterranean area and on the Italian economy. The main future challenges of the Mediterranean agri-food companies are finally portrayed, thus concluding the opening chapter.

In chapter 2 Francesco De Luca and Francesco Paolone provide a portrayal of the different trends of the probability of accounting manipulation within the agribusiness industry with respect to US and EU-based companies. By adopting the Beneish Model (1999, 2013), and at the same time exploiting the *Orbis Bureau Van Dijk* database, the co-authors have tested the existence of earnings management (EM), at the same time ascertaining whether there is a relation between accounting standard adoption (US GAAP or IFRS) and EM propensity. Whilst EU-based companies (adopting IFRS) seem to be more inclined to earnings management, US-based companies (using US GAAP) show – on average – lower probability of earnings management. Empirical evidences can be explained by the different respective provisions, thus allowing to conclude that IFRS adoption leaves more space for earnings manipulation than US GAAP.

Paola Signori and Massimo Sargiacomo in chapter 3 offer an overview of the main features of the global wine industry, at the same time highlighting how firms are facing pivotal challenges in an increasing global scenario. Starting from a precise portrayal of the main primary and secondary activities which compose the value chain in the wine industry, the chapter highlights how to build up an effective cost accounting architecture in a small-medium size wine company. By so doing the main accounting issues related to stock management are also illustrated. The way to achieve an effective supply chain integration in the wine industry is subsequently explained, thus concluding the chapter by depicting the contours of innovation and experimentation as main pivotal elements for the survival and re-launch of the wine business in all the world.

In Chapter 4 Valter Cantino, Simona Alfiero, Massimo Cane and Paola De Bernardi seek to highlight the main features of the chocolate industry, which is often described by many influential commentators as a “recession proof” sector. The co-authors illustrate the industry’s environmental prospectives and competitive trends, at the same time focusing on the historical and traditional Piedmont district. After having portrayed the main features of Italian and international market, it is adopted the business model Canvas in order to analyse the the cocoa-chocolate value chain, and highlight the main factors which enable the sector’s companies to generate economic and social value for all their stakeholders. The chapter is concluded by the investigations of some case-studies of chocolate businesses.

Massimo Pollifroni, Elisa Giacosa, Damiano Cortese and Simona Fiandrino in chapter 5 seek to enhance an understanding of the coffe sector, by unveiling how supply chain management could create added value for micro-companies. The co-authors aptly explain how the coffe sector is one of the most important industries in some countries

– Italy included – where it represents a pivotal source of development, growth and economic sustainability. After the contextualization step, it is proposed a conceptual model aimed at illustrating an approach to SCM in coordinated networks of micro-sized companies belonging to the coffee sector. Findings are thus elaborated and presented, as well as conclusions and implications of the study.

Ilenia Confente and Paola Signori in chapter 6 provide an overview of facts and trends in the global dairy industry, paying particular attention to the Italian scenario. Customer value and buying power are consequently analyzed, in order to better highlight the main features of the dairy supply chain structure, at the same time elucidating how trends, preferences, managerial and relational abilities are concurrently mounting successful approaches. Co-authors have then investigated sustainability issues, as per the paramount relevance and implications they have for managerial decisions and business models. International marketing strategies and digital marketing are conclusively explained, thus portraying how they can be successfully deployed to the specific product categories.

In Chapter 7 Christian Corsi and Daniela Di Bernardino have thoroughly explored the evolutionary path of the poultry sector, which in the last two decades has witnessed a transformation from a constellation of small- and medium-sized rural forms of production into a broader industrialization and strong vertical integration, thus fostering economies of scale of a small number of strong competitors. The operational characteristics of the supply chain are thus investigated, devoting much attention to the cost drivers and profitability of the primary actors. The criteria for determining the costs of supply are thus illustrated, at the same time providing evidences either of the products diversification and about the value chain features. The chapter is concluded by the study of an interesting business case.

Tiziana Di Cimbrini and Stefania Migliori in chapter 8 focus their investigation on food safety and quality management in beekeeping. The co-authors initially describe the principles of Hazard Analysis and Critical Control Point – whose methodology is referred to by various organization as the system of analysis and control of health risk associated with a food product – at the same time illustrating the main barriers which hamper its successful application to the beekeeping industry. They subsequently provide a comprehensive examination of the ADI Apicoltura case – which is a SME operating in the beekeeping industry – at the same time illustrating how HACCP may represent a pivotal tool to become familiar with TQM. Conclusions are addressed to provide some reflections on the key-factors guiding to success in the HACCP implementation, as well as on its contribution to the competitiveness of the investigated firm.

Pescara, 29 September 2016

Massimo Sargiacomo

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