

Internationalization of European Dairy and Meat Cooperatives: Status Quo and Tendencies

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1 Introduction

Internationalization has become a major topic in economics. Against the background of globalization and due to low growth rates and intense competition on their domestic markets, many enterprises have to engage abroad in order to maintain their competitiveness (KORMANN, 1981; KUTSCHKER/SCHMID, 2008). This development has also affected cooperatives. Although various studies deal with the subject of internationalization (for an overview see, for instance, LI, 2007), only a few focus on cooperatives, and even fewer on cooperatives especially in the agribusiness (e.g. THEUVSEN/EBNETH, 2005). Therefore, neither the degree of internationalization of cooperatives nor the internationalization-performance relationship in the cooperative sector have been analyzed thoroughly. To overcome this lack of research, we empirically investigate the internationalization of leading European cooperatives in the dairy and meat sectors in this paper.

2 Methodology

2.1 Measuring the Degree of Internationalization

To measure the internationalization of an enterprise, it is first necessary to determine the degree of internationalization. The degree of internationalization describes to what extent an enterprise is integrated into international business activities (SCHERM/SÜß, 2001).

For the status quo analysis of the internationalization of European cooperatives in the dairy and meat sectors we use data compiled from annual reports and balance sheets. Due to the constraints that result from low disclosure requirements of cooperatives, we apply a combination of two concepts for measuring the degree of internationalization. In doing so, we follow EBNETH (2006) who suggests combining the Foreign Sales Index and the Network Spread Index (IETTO-GILLIES, 1998) into one measure.

2.2 Sample

The sample consists of the leading European dairy and meat cooperatives derived from the NICE European Agrifood Cooperative Top 100 List (VAN BEKKUM, 2007) and ranked by turnover in the year 2007.

Table 1: Top European Dairy Cooperatives

Company	Turnover 2007 in €m	Country	Milk processed 2007 in kg m
Royal FrieslandCampina	9,008	NL	11,700
Arla Foods	6,408	DK/SE	8,360
Nordmilch	2,341	DE	4,102
Sodiaal	2,223	FR	n.a.
Glanbia	2,207	IE	n.a.
Humana Milchunion	2,156	DE	2,500
Irish Dairy Board	2,111	IE	n.a.
Tine	1,989	NO	1,528
Valio	1,713	FI	2,097
Emmi	1,523	CH	886
Hochwald	1,186	DE	1,834
Granarolo	932	IT	792
Dairy Farmers of Britain	821	GB	1,589
Milk Link	764	GB	1,416

Source: (VAN BEKKUM, 2007), company data.

Table 2: Selected European Meat Cooperatives

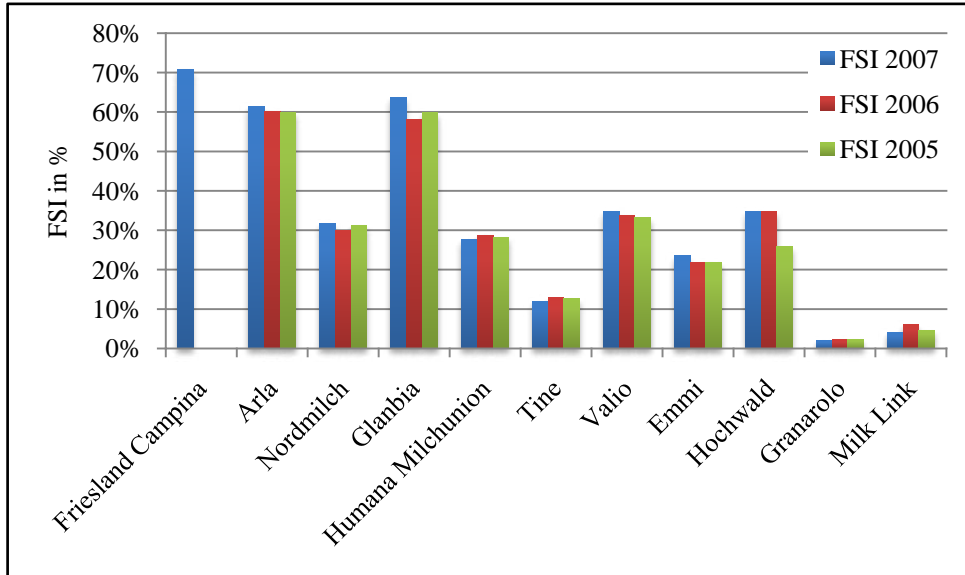
Company	Turnover 2007 in €mn	Country
Danish Crown	5,952	DK
Nortura	1,738	NO
Westfleisch	1,684	DE
HK Scan/HK Ruokatalo	1,444	FI
Atria	1,272	FI

Source: (VAN BEKKUM, 2007), company data.

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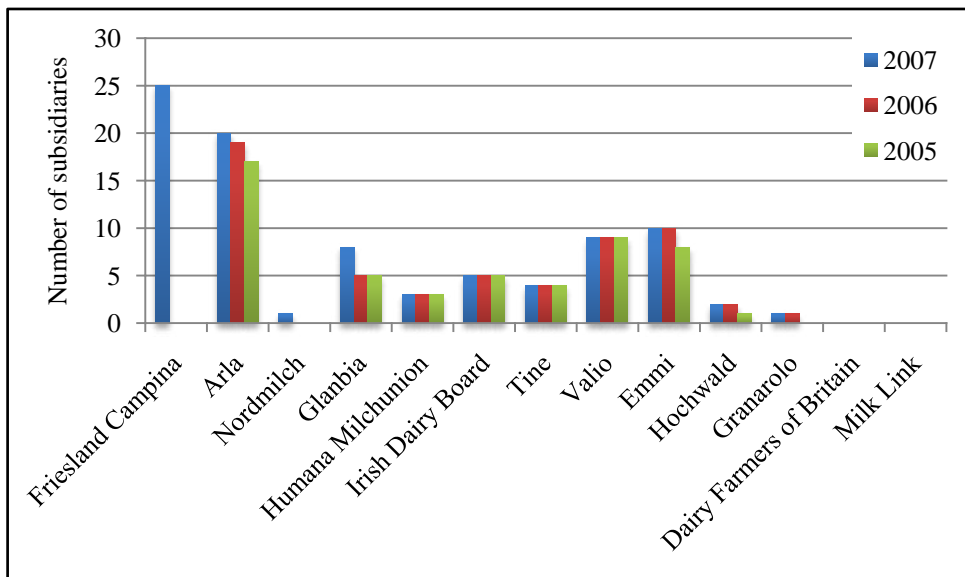
3.1 The Dairy Sector

Figure 1: FSI of European Dairy Cooperatives



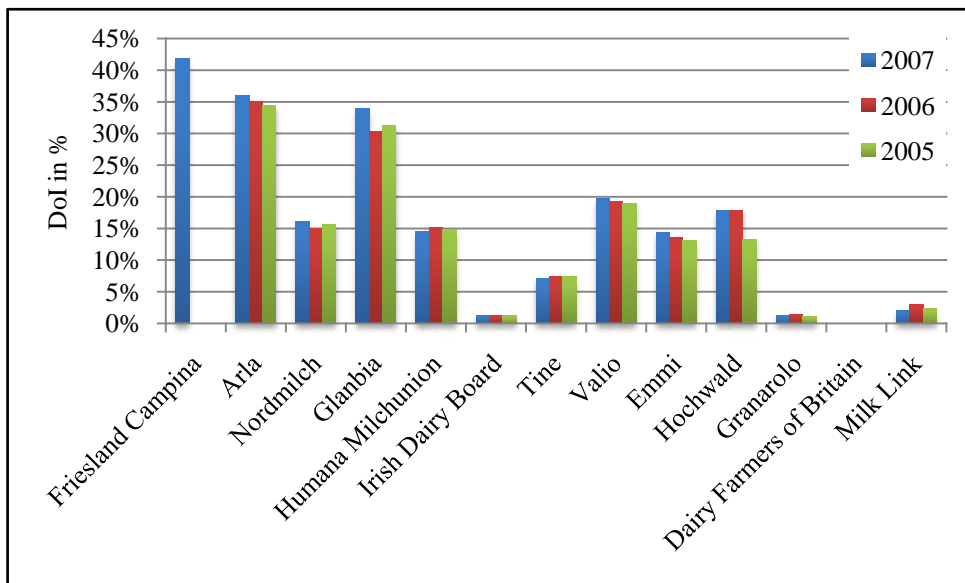
Source: Own calculation based on company data.

Figure 2: Number of Subsidiaries of European Dairy Cooperatives



Source: Own calculation based on company data.

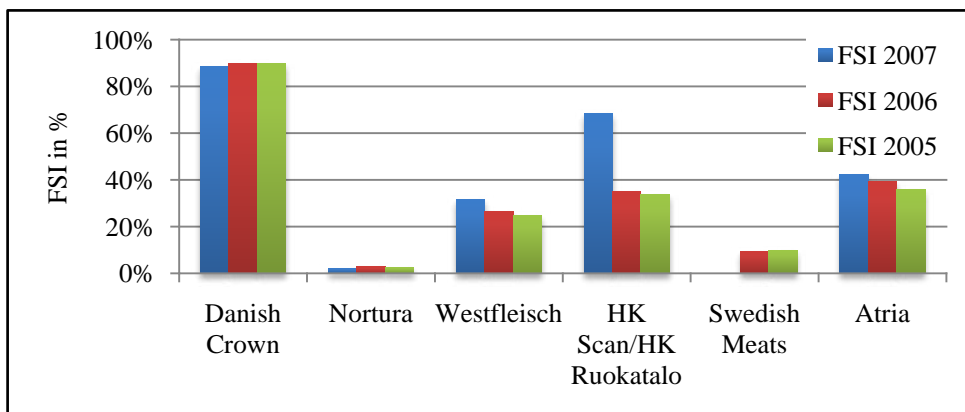
Figure 3: DoI of European Dairy Cooperatives



Source: Own calculation based on company data.

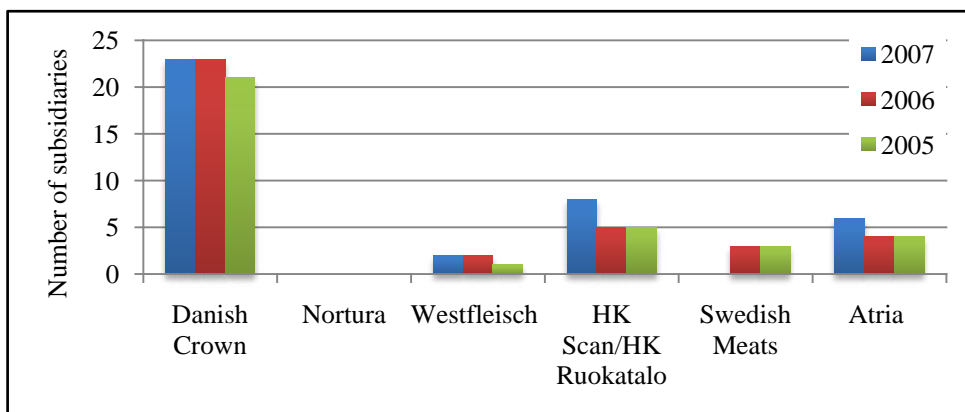
3.2 The Meat Sector

Figure 4: FSI of European Meat Cooperatives

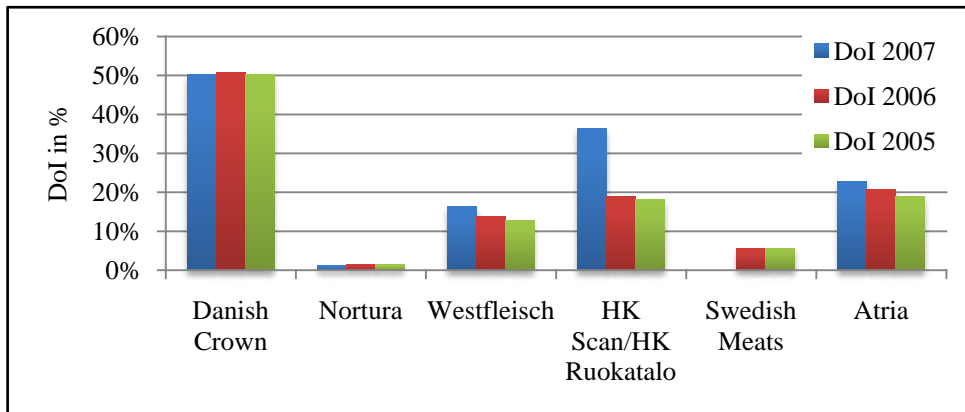


Source: Own calculation based on company data.

Figure 5: Number of Subsidiaries of European Meat Cooperatives



Source: Own calculation based on company data.

Figure 6: DoI of European Meat Cooperatives

Source: Own calculation based on company data.

4 Discussion and Implications

The results show remarkable differences regarding the degree of internationalization between the European cooperatives analyzed in this study. From a managerial perspective, tendencies in the internationalization process of cooperatives can be derived. Furthermore, our findings establish a basis for further research such as linking internationalization to the performance of the cooperatives.

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