Success of Co-operatives: Thoughts on German Wine Co-operatives

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In the year 1868 the very first wine cooperative was established in the Ahr region in Germany. Already in the year 1900 over 110 cooperatives with over 1000 members had been established in Germany and already in 1905 cooperatives had been so important that Theodor Heuss wrote his PhD-thesis on the economic background on wine cooperatives and their economic relevance for grape growers (Heuss, 1905). All-in-all it shows the importance of wine cooperatives for the development of the wine business we know today. In Germany but also in many other countries cooperatives are still of major importance in the wine business, till this day. In the financial year 2010/11 nearly 190 German cooperatives had been active which processed about 32,000 hectares of grapes of their 51,000 members. Overall, this accounts for about 1/3 of the German wine production. Thus, one can say that despite or because of their nearly 150 years of existence wine cooperatives play a vital role for the development of the German wine and the German wine regions.

As cooperatives are rich in tradition research on the success of co-operatives has a long tradition, too. However, most works concentrate on success measurements that either try to estimate the success of the single members or the success of the co-op itself. These findings are similar to the ones we have found for success of networks. Here, the vast majority of studies dealt with the success on firm level i.e. how the single firms performed in a network neglecting the fact that networks consist by definition of firm, dyadic and network levels. The studies that address success on network level do not consider the success of the single firms instead try to measure solely the success of the outcome of the joint efforts. To our understanding this means that success is only partially captured. Out of this problem setting, we derive the aim of our paper which is twofold. First, we want to transfer our model of network success on co-operatives. Second, we want to elaborate managerial implications in general and by providing some insights on German wine co-operatives by presenting some expert interviews as well as some empirical results.

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