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Innovation networks and the institutional actor-producer relationship in rural areas: The context of artisan food production

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ABSTRACT

This paper takes a multiple theoretical perspective, utilising concepts from the knowledge exchange and the rural, social networks literatures to explore artisan food enterprise engagement with institutional networks for innovation. A qualitative methodology is adopted, involving semi-structured interviews and group discussions with producers and institutional actors, and participant observation. The findings highlight that while informal networks, including business networks, family associations and international sources play a more important role in innovation for artisan food firms than institutional networks, institutional networks play a critical role in developing social capital and knowledge exchange among producers and in acting as a bridge to informal, embedded networks for these enterprises. The findings demonstrate how sectoral contextual factors shape interactions in the institutional actor-producer relationship, and how they impact upon involvement in institutional networks and in turn facilitate and restrict innovation in this context.

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1. Introduction

The valuable contribution that artisan enterprises make within rural and peripheral regions to local food production, including the enhanced reputation of regions for their food expertise and culture, has been widely acknowledged (Ilbery and Kneafsey, 2000; Murdoch et al., 2000; Hinrichs and Welsh, 2003; Marsden and Smith, 2005; Tregear et al., 2007; Scott, 2010). Artisan¹ or speciality food enterprises are a central component of the discussion in the growing agri-food systems literature around 'alternative food networks' (AFNs), 'short supply chains' and the 'turn to quality' since the turn of the last century (see for instance Murdoch, 2000; Murdoch et al., 2000; Winter, 2003; Marsden and Smith, 2005; Tregear, 2011). This literature has explored the territorial embeddedness of food systems, with a focus on AFNs which are associated with concepts of quality, trust and place to characterise this phenomenon as a turn towards the re-localisation of food

(Moragues-Faus and Sonnino, 2012).² The body of knowledge around AFNs has developed to incorporate various theoretical perspectives (Tregear, 2011). The importance of network building within this context has been highlighted by authors such as Ilbery and Kneafsey (2000), and the network concept has assisted understanding of the diverse forms of rural development (Murdoch, 2000). The network perspective recognises the myriad of connections between actors and institutions occurring in different spaces and places (Midgley, 2010). However, while producer-consumer ties have received significant attention, relations and power dynamics between producers (and other supply chain actors) remain underexplored (Chiffolleau, 2009; Bowen, 2011), and there have been calls from food systems scholars for a greater examination of the context and environment (cultural, ecological, political and economic) within which AFNs operate (Tregear, 2005; Sonnino, 2007; Bowen, 2011).

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¹ Food artisan products are distinguishable from those produced by mainstream producers, through their scale, the association of the materials and methods with their locality of origin and their core attributes of taste and appearance (Autio et al., 2013; Sage, 2003).

² The term alternative food networks (AFNs) is used here to describe emerging networks of producers, consumers and other actors that embody alternatives to the conventional, more standardised industrial, or global modes of food supply (Renting et al., 2003), where the production and consumption of food are more closely connected in spatial, economic and social terms. Examples that have been studied include localised and short food supply chains, farmers' markets, community supported agriculture (CSA), and community gardens and organic schemes (Tregear, 2011).

The themes of network interactions and relationships (Murdoch, 2000; Tregear, 2011; Kelliher et al., 2014; Tregear and Cooper, 2016), and the interaction between the local environment and firm dynamics (Massard and Autant-Bernard, 2015) have been discussed within the rural studies domain more broadly. Within rural economies, firms are more likely to be limited in terms of market reach with a much greater reliance on local markets (Mitchell and Clark, 1999; Galloway and Mochrie, 2006). Thus, networks, involving institutional actors, such as government support agencies and third level institutions, are critical to successful and sustainable rural development (Terluin, 2003; Virkkala, 2007). However, the role of institutional support in aiding network development in rural agri-food networks is not clear and, apart from some valuable insights provided by a very small number of studies (Tregear, 2005; Alonso and Bressan, 2014), little is known about how locally embedded artisan food enterprises engage in networks for innovation, and how their operating environment shapes network development. Therefore, knowledge of the sectoral context shaping artisan food network development and innovation is limited. However, the rural studies and innovation literatures have highlighted several characteristics worth noting. Firstly, artisan producers would appear to be driven by a mix of purely lifestyle oriented goals (principled, ideological) and growth ambitions that are more attuned to commercial opportunities (Tregear, 2005). Secondly, they have demonstrated a lack of within-sector networking and collaboration (Alonso and Bressan, 2014; Tregear, 2005), restricting their ability to avail of knowledge sources for increasing innovativeness. Thirdly, artisan food producers may be associated with incremental as opposed to radical type innovation, involving the development of products in response to changing market conditions and local demand (Uddin, 2006); reflecting the nature of innovation in the food sector more generally (see for instance Avermaete et al., 2003; Capitanio et al., 2009).

Thus, this paper seeks to explore how artisan food enterprises engage with institutional support networks for innovation. The geographical context for the study is Northern Ireland and the study will explore a number of research questions in relation to artisan food production based in rural locations across the region, operating predominantly through AFNs.³ Northern Ireland represents a peripheral economy which consists heavily of small and micro sized enterprises, particularly within the food sector and within largely rural areas. It has a small but expanding base of artisan food production, which has been stimulated by increasing consumer demand for specialist, local food products (Mintel, 2012).

Drawing upon ideas from the literature on knowledge exchange and social networks, we seek to explore producer and institutional actor constructions of their network building roles, activities and involvement and use these narratives of lived experiences to offer valuable insights into actor behaviour in AFNs (Tregear, 2011). Relational aspects around the nature and dynamics of trust, cooperation and reciprocity in these network forms will be explored in relation to the impact on actor behaviour and network outcomes. Specifically, the study addresses the following key research questions:

RQ1. How do actor roles and relations, and dynamics of trust, cooperation and reciprocity, influence the formation and development of institutional innovation networks within this context?

RQ2. How do producers and institutional actors construct and value the institutional actor role in network development?

The paper now proceeds with a discussion of the theoretical framework for the study, which will utilise concepts from knowledge exchange and social networks to interpret the nature of network development and the institutional actor-producer relationship in the artisan food context. This is followed by the research methods, the case context, and then presentation of the results. Finally, we provide a discussion of the results and offer conclusions, suggestions for future research, and practical implications.

2. Theoretical development

This paper will apply a multiple theoretical perspective, utilising ideas from the knowledge exchange and social networks literatures, to investigate both the macro level of network structure and the micro level of dyadic interactions, as called for in previous studies (see for instance Slotte-Kock and Coviello, 2010; Iturrioz et al., 2015), and in response to calls that theory should include both the structure of the network and the interactions between actors, how and why they form and how they may be managed over time (Granovetter, 1985; Burt, 1992; Hoang and Antonic, 2003). The knowledge exchange literature, and specifically the open innovation concept, allows consideration of the wide variety of networks which small firms may utilise for innovation purposes. The social networks literature, the social capital concept, and the themes of trust and reciprocity, where attention is given to the structure of the network and the relational dimension, or interactions between actors, has value here in explaining the relational dynamics, the nature of network ties, how and why the networks form and how they may be managed over time.

2.1. Knowledge exchange for innovation

The innovation discourse has widened beyond narrow technical definitions to that of more inclusive and organisational approaches to innovation (Chesbrough, 2003; Karantininis et al., 2010). A key development in this area is that of open innovation where firms can draw upon internal and external sources of knowledge to develop a wider organisational approach to innovation (Chesbrough, 2003; Enkel et al., 2009). Chesbrough (2003) suggests two forms of knowledge flow for open innovation. First 'outside-in' where external knowledge is accessed, evaluated and assimilated using environmental scanning. This external knowledge may be obtained through vertical and horizontal networks that may be used to overcome skills and knowledge deficiencies, and provide external knowledge that acts as a source of innovation. Second, 'inside-out' is where the firm uses its internal knowledge resources to commercialise innovation. Inside-out knowledge flows are more likely to be limited by smaller firms' innate resource limitations (Kirkels and Duysters, 2010).

Vertical networks are linked to knowledge gained from collaborations with customers through user innovation (Von Hippel, 2005; Van de Vrande et al., 2009; Doran et al., 2012; Vega et al., 2012), and relationships with suppliers that create an environment for innovation (Henchion and McIntyre, 2005), particularly within the micro enterprise context (Tu et al., 2014). Horizontal network development relates to a strengthening of local productive capabilities through innovation networks involving joint working between the firm, other producers and other network actors (Murdoch, 2000; McAdam et al., 2014). In the agri-food context

³ We use the term 'region' here in relation to Northern Ireland as a sub region of the United Kingdom. The term 'local' denotes the sourcing and supply of food produce predominantly through AFNs within the Northern Ireland region as a whole. However, we recognise the difficulty in viewing 'localness' in simple spatial relations terms, where the appeal of local and regional products can extend beyond the local market (Marsden et al., 2000; Hinrichs, 2003). We consider localised food systems to be associated with a set of attributes that reflect a high degree of social embeddedness and positive, respectful and non-instrumental social relations (Hinrichs, 2000).

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