



# Conventions, commodity chains and local food systems: Olive oil production in “Sierra De Segura” (Spain)



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## ARTICLE INFO

### Article history:

Received 27 August 2013

Received in revised form 27 May 2014

### Keywords:

Economy of conventions

Food quality

Situated rationalities

Industrial upgrading

Olive oil

Spain

## ABSTRACT

The object of the current article is to discuss the role of conventions in the normalisation of the governance of the olive oil commodity chain. The Theory of Conventions (TCs) gives some tools for a better understanding of the complexity of quality dynamics in which Local Food Systems (LFSs) play an essential role. It particularly emphasises the possibilities offered by the existence of distinct values, modes of representation and repertoires of justification, such diversity being related to the relevance of compromises and clashes among conventions. Compromises are intrinsically temporal, unstable and partially contradictory. Clashes are strongly associated with the development of differentiated strands, which are supported by sets of conventions interrelated among each other. This article is focused on the way in which agents are coordinated in one LFS, Sierra de Segura, through a complex interaction of conventions, compromises and clashes. The academic literature has traditionally focused on the effect of quality conventions on commodity chain organisation. However, other relevant conventions as the set of practices that define the systems of agrarian handling or the prevailing conventions in the management of farmers' productive organisations (cooperatives), are analysed in this article. Agency, innovation and, generally, the performance of the LFS of Sierra de Segura inside the olive oil commodity chain and, particularly, the extension and success of quality initiatives cannot be understood without considering the opportunities related to the temporality and instability of compromises and competition between different normative principles and, simultaneously, commodity chain strands which are implicit in clashes.

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## 1. Introduction

Agents' coordination, which cannot be considered as granted or automatic, is an essential element in the performance and everyday working of firms, markets and intermediate forms of inter-firm organisation, as commodity chains. Such coordination is partially based on different norms and contracts that, because of their incompleteness, need tacit agreements, which are increasingly analysed following the Theory of Conventions (TC) (Thévenot, 2002; Gibbon et al., 2008).

The dramatic changes undergone by food production in the last 30 years are a privileged scenario in such a theoretical debate. The transformation in food relations is also related to more general mutations in the content of norms, contracts and conventions, in the dominant patterns of capital accumulation and in the

emergence of new forms of social distinction, differentiation and reproduction (Friedmann, 2005; Gibbon et al., 2010). Those changes are also associated with the general crisis of the Second Food Regime and the emergence of a not yet totally defined Third Food Regime (Friedmann, 1993; McMichael, 2009), which is characterised by the increasing importance of food niche markets, variously defined in terms of socially constructed and collectively perceived quality (Ilbery and Kneafsey, 1998; Ilbery and Maye, 2005; Goodman, 2003).

Different elements have been highlighted in the analysis of the prevailing patterns of inter-firm interaction. New economic institutionalism has insisted on the central role of contracts and property rights in the distribution among firms of profits, uncertainty and assets (Ménard and Valdeschini, 2005; Sykuta and Cook, 2001). There are various ways of understanding the commodity chains' governance, as driving, coordination or normalisation (Gibbon et al., 2008). Normalisation is a complex theoretical construction that while, recognising the central role of the definition of norms and the generation of contracts, emphasises their

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incompleteness. Therefore, normalisation, intensely applied for analysing food quality (Guthey, 2008; Rosin, 2008; Rosin and Campbell, 2009; Sánchez-Hernández et al., 2010) and often associated with Local Food Systems (LFS) (Barham, 2003; Feagan, 2007; Arfini et al., 2012), asserts the central role of conventions, understood as tacit agreements, in the interpretation and the collective representation of norms and contracts (Bair, 2008; Gibbon et al., 2010).

Inside TC, origin, nature and final justification of conventions are particularly problematic issues. Conventions can be understood as a result of the prevailing patterns of agents' interaction which promote shared expectations which, in turn, frame individual behaviours (strategic approach) or as a set of evaluation models that allows the generation of common cognitive frameworks based on shared normative principles and collective forms of representation (interpretative or normative approach) (Batifoulie and Larquier, 2001; Larquier and Gannon, 2001). Although convention genesis is different, coordination is assured in both definitions. In the second definition however, even though agents' autonomy is recognised, their behaviours are strongly moulded, albeit not determined, by shared social values (Batifoulie and Thévenon, 2001; Eymard-Duvernay et al., 2006). However, in both cases, the TC has little insisted on the effects of agents' power asymmetries in the definition of dominant conventions and in the conflicts associated with the emergence, maintenance and evolution of different and occasionally opposing types of conventions (Eymard-Duvernay, 2006; Rebérioux et al., 2001; Reynaud, 2002). Nevertheless, Boltanski and Thévenot's seminal work (1991) emphasised the possibility of competition and confrontation among different types of conventions and on the feasibility, through the generation of compromises, of temporal and pacific coexistence among them. Such compromises must be considered key elements for understanding conflicts related to normalisation (Boyer, 2006).

The object of the current article is to discuss the role of conventions in the normalisation of the governance of the olive oil commodity chain, in general, and of specific quality strands, in particular. In this context, their origin is understood in a "normative" sense, shared values and modes of representation being key elements that allow agents' coordination. This article focuses on the way in which agents are coordinated and, at the same time, experience conflict relationships in one specific LFS, "Sierra de Segura". In this discussion, we support the idea that the influence of conventions is not limited to the issue of quality. Quality is an essential feature in the normalisation of exchange, that is, in the social construction of markets and, has also a direct impact on production organisation and firms' specialisation through its effect on the technical definitions of products (Storper and Salais, 1997). Nevertheless, commodity chains' coordination is also based on other conventions (labour, organisational, etc.) which usually share common values with quality conventions, this normative agreement being an essential element in their eventual compatibility. In this sense, this article briefly analyses the main organisational features of olive agricultural production and milling cooperatives in the LFS of Sierra de Segura, focusing on the existing degree of coordination, compatibility and conflict among different conventions. In this context, it contributes to the academic discussion about normalisation and governance of commodity chains by examining the frequent conflicts among different agents and by emphasising the normative element which is present in the continuous game of clashes and compromises among conventions supported by different value frameworks (Ponte et al., 2011).

Olive oil is an especially interesting case for analysing the complex role of conventions because some of its phases remain broadly territorialised but other phases are controlled by large companies without a relevant territorial embeddedness (Coq-Huelva et al.,

2012; García-Brenes, 2008). The role of LFS is concentrated on its territorialised phases, in which some interesting cases of quality productions have been identified (Moragues-Faus and Sonnino, 2012).

This article is organised as follows. In the next section, the theoretical framework of the research is presented. This framework states that systems of conventions are key elements for understanding the theoretical bases underlying the implementation of the strategies of quality, the prevailing agricultural practices, the main organisational features of milling cooperatives and the competences developed by newly created organisations, as the second degree cooperative. In the next section, LFS of Sierra de Segura is presented and different conventions and compromises inside Sierra de Segura are analysed, as those dominant in farm management (Section 3.3) or in the governance of milling and commercialisation cooperatives (Sections 3.4 and 3.5). Then, the prevailing compromises that govern olive oil quality conventions are studied in Section 3.6. Lastly, conclusions are presented in Section 4.

## 2. Agrofood commodity chains, conventions and innovation

### 2.1. Radical incertitude, incompleteness of contracts, theory of conventions and governance of commodity chains

Coordination is always a difficult issue, due to the radical incertitude which characterise agents' behaviours. Theory of Agency insists on the impact of property rights on the patterns of firms' governance. Their inadequate definition can negatively affect decision making processes and, particularly, long-term patterns of investment (Borgen, 2004). Decision making can be particularly influenced by monitoring problems, that is, by the fact that the interest of directive boards can be very different from those of capital owners, promoting policies which do not respond to their demands. Also, decision making can experience "follow up" problems, when the monitoring of the effective policies implemented by directive boards becomes difficult because of the existence of asymmetric information or by capital owners' failures or lack of technical competences for interpreting business information. On the other hand, investment decisions can be affected by free-rider problems, in the sense that new entrants can benefit from old investment decisions without assuming any costs of their own. Also, horizon problems can be relevant because current members might not expect to belong to the organisation throughout the complete investment lifecycle and therefore, they would have no economic incentives for financing long-term investments. Some of these theoretical approaches have been used for analysing differences between investor-owned and producer-owned (cooperatives) firms and the concrete role of cooperatives in some food chains (Sykuta and Cook, 2001; Mooney, 2004; Borgen, 2004).

Initially, commodity chains were clustered into the following two categories according to dominant agents' drivenness: producer-driven and buyer-driven commodity chains (Gereffi, 1994). However, increasing empirical evidence showed the relevance of other elements. In the last years, commodity chains have increasingly been considered the result of a "normalised" relationship among clients and suppliers. Normalisation is understood as the collective definition and respecting of a set of norms and standards that, because of their incompleteness, must be justified and interpreted with the help of a set of associated conventions. In this sense, leading firms, have greater power in the definition of prevailing norms, contracts and conventions. However, their manoeuvre margins and, particularly, their levels of profit are conditioned by the own coordination mechanisms that they have contributed to generate (Ponte and Gibbon, 2005; Gibbon and Ponte, 2005; Gibbon et al., 2008; Gibbon et al., 2010).

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