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Building up collective actions to qualify GIs

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ABSTRACT

The paper deals with the analysis of behind the procedures for the recognition of a geographical indication (GI). More precisely, by applying a new theoretical perspective, based on structure-conduct-performance paradigm and on seven variables of collective action recently provided in literature, the article tries to explain possible failures of strategies of valorization of agricultural products based on GIs. The application of the selected methodology to a case-study in Italy is effective in showing the specific variables affecting the failure of collective action. Therefore, this methodology permits limits and obstacles to implement the virtuous circle of collective action to emerge. Moreover, it addresses possible normative solution aiming at acquiring a more prudential approach before applying for a GI recognition, in order to avoid possible failures.

1. Introduction

This paper deals with the analysis of collective action framed within a Geographical Indication (GI) strategy. The GI strategy is focused on specific quality, corresponding *to the combination of features that – once requirements in terms of generic quality have been met – allow a product to create added value and be differentiated on the market on the basis of a voluntary approach by the economic stakeholders*.[1] That means quality attributes go beyond the respect of the minimal requirements provided in order to market a product, to include specific characteristics bringing about value creation and product differentiation. Consequently, specific quality schemes should be based either on voluntary approach, which sets up specification and standard requirements, or on a rigorous control system and on information transmission through labelling (Barjolle and Vandecandelaere, 2012).

According to Sylvander et al. (2007) key conditions for spreading the European approaches to quality policy rely on the credibility of the a) rules of production, b) control procedures and c) cueing quality with respect to consumers. In cases of GIs, collective action is required to satisfy these conditions.

The paper sets against this background and aims at investigating the working mechanisms and rules behind the building process of a GI. In order to do this, we put forward a joint analysis of both Ostrom's seven variables of collective action (Ostrom, 2010) and Structure-Conduct-Performance approach to collective action carried out by Meinzen-Dick et al. (2004), with the purpose to analyse the Pecorino di Picinisco cheese in the Region Lazio (Italy).

The paper is structured as follows. Following the introduction (Section 1), Section 2 reviews the relationship between GIs and collective action in the literature: the aim is not to provide an exhaustive literature review, but to steer the discussion towards the search for a shared methodology for analysing collective action in GIs areas. Section 3 illustrates the area under investigation, the Comino Valley in the region Lazio of Italy, a typical rural territory where the Pecorino cheese has obtained a collective GI brand, specifically a Protected Designation of Origin (PDO). Section 4 puts forward the methodology we will follow in the empirical analysis, whose results will be discussed in Section 5. Section 6 concludes.

2. The role of collective action within a GI strategy

Recent rural development policies have been trying to boost farms' competitiveness by stimulating value-added production, drawing on its reputation for quality goods (Balogh et al., 2016). Against this background, registered Geographical Indication (GI) certifies that the quality and the reputation of a product depend on its geographical origin (Belletti and Marescotti, 2011). Moreover, European rural policy has drawn upon the achievement of geographical indications as tools for supporting rural development. Nonetheless, *notwithstanding this growing "enthusiasm" about GIs protection, to date there is still a lack of systematic research on the effects of GI protection on firms' profitability* (Belletti et al., 2014, 12).

Trivialization of GIs in Europe, marked by the excessive 'run' to the GI, casts some doubts about the real potential of the GIs to perform

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[1] Source: FAO, www.foodquality-origin.org/qspecifique.html.

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better with respect to conventional products and suggests more rigorous approaches to GI recognition.

As a matter of fact, specific resources are required in order to produce specific quality: however, as Di Gregori (1987) points out, "resources are not, they become"; therefore, the specific quality linked to a geographical indication involves a set of opportunities and challenges, which are established at two levels (Vandecandelaere, 2009): the first one concerns the setting up of the code of practice, the second one involves the management of the GI system. Both strategies heavily rely on collective action. Against this background, Sidali and Scaramuzzi (2014, 22) draw attention to the fact that *collective character of a GI means that the issue of 'commons' is highly relevant in analysing the reputation of the denomination and its consequences on quality*. That implicates engaging in a collective action to obtain a GI is not an easy process (Tregear et al., 2007; Quiñones-Ruiz et al., 2016), but depends on the capability to succeed in building up the territorial proximity, through joining both organizational proximity and geographical proximity (Torre and Beuret, 2012; Sanz-Cañada and Muchnik, 2016). In order to secure the territorial proximity, both belonging and similarity logics have to be at work: belonging logic involves the local actors in a localized networks of reciprocal relations; on the other side, the similarity logic engenders the capability to share the same systems of representations, norms of behaviour, aims and values (Filippi et al., 2011). In the case of GI products, belonging logic is put into effect through a collective action aimed at defining shared rules of production (Bramley et al., 2009), based on local practices and know-how, with the purpose of maintaining the distinctive character of the product (Bérard et al., 2016). On the other side, similarity logic means sharing same systems of representations and similar objectives. Therefore, due to the collective nature of a GI, coordination problems emerge which may lead to the exclusion of some local stakeholders from benefitting the GI strategy (Kizos and Vakoufaris, 2011). This may happen more frequently in cases of nascent GI systems where more fragile networks characterize collective action (Tregear et al., 2016).

According to Barjolle and Sylvander (2002) the effectiveness of the collective strategy depends on local actors' capability to "appropriate the collective process". In this perspective, the definition of the code of practices (CoP) is fundamental in fostering a convergence of local interests towards a shared strategy of qualification and valorization of local resources. Previous considerations explain why a GI recognition should be analyzed as an active social construction (Boisvert, 2006) which may request long time: by applying Ostrom's (2007) institutional analysis and development framework, Quiñones-Ruiz et al. (2016, 114) focus on the black box of the GI registration process, by defining it as a not easy exit of a collective action. More precisely, they underline *how the context-specific institutional environment, the degree of involvement of supply chain actors, group size and heterogeneity can influence the merits of GI-registration processes and shape the allocation of associated efforts*.

Recently, Ostrom (2010) has pointed out the main variables affecting the probability of realizing a collective action. By making reference to her analysis, we intend to frame her contribution within a Structure-Conduct-Performance paradigm applied to GIs (Meinzen-Dick et al., 2004). As sustained by Meinzen-Dick et al. (2004), there are three major problems that researchers encounter when studying collective action:

- Conceptualizing collective action; collective action can be defined as voluntary action taken (directly or indirectly, through an organization) by a group of members to achieve common interests (Marshall, 1998). The collective action enables the local community to gain immaterial resources, like information, trust, innovation networks, etc. Ostrom (2010) provides seven keys variables enacting collective action:
  - Number of participants involved; as evidenced in the seminal Olson's (1965) work, a high number of participants reduces the odds of cooperation, due to the possibility of free riding. Therefore, *increasing group size decrease prospects for successful collective action* (Poteete and Ostrom, 2003).
- Heterogeneity of participants. The more heterogeneous is the basis of the group, the more difficult is to set up a convergent strategy aimed at qualifying a GI. As underlined by Vanni (2014), the appropriateness and homogeneity of the group should foster social relations and, as a consequence, collective action.
- Subtractability of the benefits from collective action. Benefits should be shared among the participants to the group, in order to rise up reproduction and sustainability of the GI process (Vandecandelaere et al., 2010). More cooperation may emerge in cases of public goods.
- Face-to-face communication lets the trust to emerge and foster relational assets.
- Information about past actions contribute to the individuals' reputation.
- Links among individuals and external actors influence collective action. Three types of ties are mobilized (Angeon, 2008; Pretty, 2003): bonding (strong ties, like family connections), bridging (openness towards more "distant" actors' links, for example cooperation with other firms) and linking ties (ties with institutions, both private and public, for example local agencies, banks, Ngo, etc.).
- Voluntary entry/exit; in cases of easier withdrawal higher levels of cooperation may emerge.

- Developing an analytical framework for studying collective action: Meinzen-Dick et al. (2004) refer to the structure-conduct-performance paradigm (SCP), in order to underline the need for comprehending the determinants variables influencing the structure of the group and, as a consequence, its conduct and, therefore, the outcomes of the collective action. As well underlined by Meinzen-Dick et al. SCP may suffer of endogeneity problems, due to feedback loops and co-movements of variables. Therefore, it is necessary to specify which exogenous variables are effective in explaining collective action;
- Operationalizing the framework for empirical research: it is necessary to take into account the various forms of collective action, like coordination activities, resources mobilization, development of institutions, etc. (Meinzen-Dick et al., 2004; Poteete and Ostrom 2003). In our paper we will put forward a SCP framework in order to empirically test collective action in cases of GIs. Case-study refers to the "Pecorino di Picinisco" PDO cheese, produced in a rural Italia region. Before illustrating our method of analysis, we will synthetically describe the main characteristics of the product and the area of production in the next paragraph.

Joining the Ostrom's seven variables of collective action within the S-C-P framework of analysis of collective action theorized by Meinzen-Dick et al. represents an original contribution to literature, in that no previous analyses have been carried out inspired by these theoretical perspectives. Therefore, this article provides a contribution for understanding collective action and, through that, for comprehending eventual failures of valorization strategies based on geographical indications. Case-study presented afterward, though referred to a local scale is representative of the huge amount of GIs recognized all over the Europe and abroad. As a matter of fact, it deals with a collective action activated in a rural area marked by the presence of numerous small farms producing a typical local product, whose high quality attributes are strictly dependent on the area of origin (both human and natural factors). Against this background, we posit that high quality products may fail without an effective model of collective action. This could explain differences in the performance of the GIs at EU level: therefore, the provided tool of analysis is replicable to a larger scale.

3. Pecorino di Picinsco PDO: a typical Italian history?

Pecorino di Picinisco PDO is a typical cheese from Comino Valley in