



Embeddedness, social capital and learning in rural areas: The case of producer cooperatives



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ABSTRACT

To pursue development goals, policymakers and scholars alike have proposed that actors in rural areas may usefully engage in collective actions, e.g. by forming community groups, producer associations or multi-actor networks. One proposed benefit of such collaborations is the enhanced knowledge exchange and learning which may be created, and in the literature the dynamics of this are often explained via the concepts of embeddedness and/or social capital. To date however, studies tend towards a somewhat narrow, territorial, interpretation of these concepts, with the result that current understanding of how collaborations and learning evolve between rural actors is rather constrained. This paper aims to explore a broader interpretation of these concepts, through case analysis of a producer cooperative in the Scottish shellfish sector. In the case, the realities of member and management relations are revealed, along with the types of knowledge generated and the processes by which these are, or are not, shared between actors. In terms of embeddedness, our analysis reveals that, rather than the local community context which tends to dominate the literature, it is *sectoral* norms and habits which shape actor relations and learning most significantly in this case. In terms of social capital, we identify that tension-fuelled social relations are not in themselves a barrier to collaboration, again in contrast to existing claims, particularly where key actors have appropriate interpersonal skills, and where a values-based mindset ('cooperative know-how') is held in common. The findings therefore challenge popular assumptions about how embeddedness and social capital shape collective action and learning in rural areas, and illustrate the value of interpreting these concepts more expansively.

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1. Introduction

Rural areas are characterised by several features challenging to economic growth, including low rates of population in/out-migration, physical distance to end markets and low critical mass of firms. In recent years, policymakers have sought to address these by encouraging the development of networks and collaboration between actors and firms in rural areas, on the basis that such activity may bring advantages such as achievement of economies of scale and/or scope in production, and facilitation of better knowledge exchange. For example, Articles 28 and 36 of proposals under the Common Agricultural Policy Rural Development Regulation (CEC, 2011) refer explicitly to the need for public support for producer groups and cooperation, whilst priorities relating to the

2014–2020 Rural Development Programmes for England (CEC, 2015a) and Scotland (CEC, 2015b) make repeated reference to enhancement of cooperation to meet sustainability and competitiveness challenges. Rural studies research has likewise examined the potential of collaborative networks to achieve development goals, e.g. in endogenous community initiatives (Lorendahl, 1996; Brunori and Rossi, 2000; Fazzi, 2010), agri-environment action groups (Franks and McGloin, 2007; Taylor, 2010), and small firm clusters (Phyne et al., 2006). Indeed the network paradigm itself has been proposed as an important way of conceptualising activity in rural areas (Murdoch, 2000; Kalantaridis and Bika, 2006), with many authors in this field drawing from concepts of embeddedness and social capital to further explain the relational dynamics and consequences of collective action.

To date, studies have examined empirically numerous aspects of rural firm collaborations, including the relationships between public and private actors (Taylor, 2010; Wellbrock et al., 2013), the roles of governance (Brunori and Rossi, 2007), identity (Goulet,

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2013), leadership (Lorendahl, 1996; Huggins, 2000; Wellbrock et al., 2013), and the extent to which such collaborations may represent resistance to neo-liberalism (Mooney, 2004; Stock et al., 2014). Embeddedness and social capital appear frequently in this work as conceptual reference points. However, in the interpretation and application of these concepts, a tendency towards a narrow, localised, territorial framing has emerged, with the result that ensuing explanations of the inter-relational dynamics of rural collaborations are rather constrained and unlikely to capture their full complexity. Hence in this paper, we take a broader perspective in the interpretation of embeddedness and social capital, to allow for alternative aspects and dimensions of these concepts to emerge. We argue that a broadened perspective is particularly valuable for understanding how knowledge flows happen in rural collaborations. Rural knowledge exchange is a growing literature, and one in which the linkage between social relations and learning is strongly emphasised, particularly for tacit or experiential knowledge, which is created or constructed in the field as a result of social interaction (Ingram, 2008; Proctor et al., 2011). Highlighting that knowledge exchange and sharing are contingent upon relational dimensions such as power, reciprocity and trust (Sligo and Massey, 2007; Fisher, 2013), such work also refers to embeddedness and social capital as conceptual anchors. However, in spite of the growing interest in knowledge exchange and its recognised interdependency with social relations, and also the policy predictions that collective action enhances learning, rural collaborations have yet to be investigated specifically in terms of what the actors involved learn and how this happens. Hence, the key aims of this study are to (i) investigate the realities of actor relationships in a rural collaboration, exploring how actors actually interrelate and work together, (ii) investigate the types of knowledge generated within the collaboration, and the processes by which these are, or are not, shared between the actors, and (iii) in both cases, to engage with broadened interpretations of embeddedness and social capital for our theoretical underpinning, so as to generate new insights about the processes of collaboration and learning in rural areas, as well as to offer a fresh perspective on the concepts themselves.

The chosen context for this study is a small shellfish cooperative based in Scotland, whose members are located in the remote coastal and island periphery of the country. Producer cooperatives have a proportionately high representation in agricultural and natural resource sectors (e.g. in terms of farm gate sales, the average market share of all producer cooperatives in the European Union is 40% (Bijman et al., 2012)), and amongst them are several examples of long-established, economically significant enterprises (e.g. certain PDO production systems (Torre, 2006; Dentoni et al., 2012)). In terms of research, cooperatives are studied in a dedicated literature (e.g. Journal of Cooperatives, Journal of Cooperative Studies), as well as in the fields of agribusiness (Cook and Chaddad, 2004; Chaddad and Iliopoulos, 2013), and organisation and management studies (Katz and Boland, 2002; Hamstreet, 2006; Boone and Özcan, 2014). Curiously however, the cooperative form *per se*, has rarely been the subject of specific research in rural studies (Ortiz-Miranda et al., 2010), and although recent work by Emery (2015) and Kasobov (2015) are notable exceptions, offering rich insights into the contexts of, and perceptions of farmer cooperation, neither study specifically investigates how actors relate to each other within cooperatives, nor how learning happens. As Mooney (2004) contends, the experiences of cooperative members and managers may have much to offer us in terms of understanding what happens more generally when rural actors seek to manage resources and activities in a collective way. Therefore, by conducting our study of collaboration on a producer cooperative, we seek to cast light on this relatively neglected organisational form and use the evidence to bring fresh insights

into small firm collaboration in rural areas. The paper proceeds with a review of the literature on networks, collaboration and knowledge exchange in rural areas, considering how the concepts of embeddedness and social capital may explain knowledge exchange in rural areas and producer cooperatives, respectively. This is followed by an introduction to the case and then presentation of the findings. The paper finishes with a discussion and conclusion.

2. Networks, collaboration and knowledge exchange in rural areas

2.1. Social capital and embeddedness in rural areas

For at least two decades, scholars in both rural sociology and small firm development have drawn heavily from network perspectives to conceptualise and explain development processes in their respective fields. In rural sociology, regions and localities have been conceptualised as differentiated (Marsden, 1998) and hybrid spaces (Taylor, 2010), in which economic outcomes are the result of complex, multi-layered interactions between actors, groups and institutions situated across fluid spatial boundaries (Murdoch, 2000; Brunori and Rossi, 2007). Similarly, in small firm research, scholars have moved away from trait-based explanations of small firm growth towards theories inspired by concepts of entrepreneurial networks, clusters or milieux (Capello, 1999; Hudson, 1999; Kalantaridis and Bika, 2006). Within this conceptual trend, specific attention has been paid to initiatives whereby actors in a locality set out to jointly pursue a cause or goal, for example the development of an agri-tourism route (Brunori and Rossi, 2000), or creation of an association to address local environmental issues (Taylor, 2010). Such initiatives have been argued to draw from principles of endogenous development (Franks and McGloin, 2007) and the culture economy (Ray, 1999), to the extent that their power and advantage derive, at least in part, from the mobilisation of local resources and assets, including the socio-cultural fabric of community relations (Lorendahl, 1996) in which they are embedded. Indeed, the composition and character of existing social and community relations, or social capital, is highlighted by many authors as critical to effective collaborative initiatives (Huggins, 2000; Laschewski et al., 2002; Phayne et al., 2006). Specifically, it is argued that localities exhibiting a high density of social networks or bonding capital (Putnam, 2000) such that ties between actors are pervasively strong in nature (i.e. intimate, reciprocal), rather than weak (i.e. arm's length, one-off) (Granovetter, 1973), represent good 'soft platforms' for the development of collaborative ventures (Ring et al., 2009). In the endogenous development literature, strong ties and bonding capital are typically associated with localities characterised by stable populations and longstanding residents, which are thought to provide the opportunities for intimacy and trust to develop in social relations (Laschewski et al., 2002; Kalantaridis and Bika, 2006). In other studies, social capital is conceptualised more as a set of abilities or skills possessed by individual actors working in a collaborative context, e.g. listening, negotiating, compromising and animating (e.g. Proctor et al., 2012; Klerkx and Proctor, 2013). Taken together, social capital in rural collaborations therefore appears to stem from an interplay between individuals' skills and behaviours on the one hand, and the social characteristics and connections of the wider networks or communities in which collaborations are embedded.

Beyond this, social capital is argued to be extremely important to knowledge exchange in rural areas. Dense and rich social relations in networks or communities are argued to help individuals learn and share more easily with each other (Lawson and Lorenz, 1999; Johannisson et al., 2002) leading to further empowerment (Hassanein and Kloppenburg, 1995; Goulet, 2013). Moreover, the

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