



Family ties, preconceived images and trust: How local community defines market collaboration in the Dutch fish chain



Olga M.C. van der Valk*, Birgit I. De Vos

LEI, Part of Wageningen University and Research Center, P.O. Box 29703, 2502 LS The Hague, The Netherlands

ARTICLE INFO

Article history:

Received 14 March 2016

Received in revised form

14 May 2016

Accepted 14 May 2016

Keywords:

Collaboration

Networks

Social factors

Trust

Value chain

ABSTRACT

Vertical chain collaboration is a strategy for customers' value creation. However, Dutch fishermen are hardly participating in integrated value chains. While supply chain literature describes factors that contribute to successful chain partnerships, scarce research has been done on the dynamics of the socio-cultural context for chain collaboration.

In 10 semi-structured interviews, representatives of supply chain parties were asked for their perceptions on chain collaboration, trust, and the role of the local community. The interviews were directed at obtaining so-called 'tacit' knowledge, the non-spoken codified truths of social networks. Without generalizing, this research provides benchmarks to monitor how the different domains, laid out in this study, impact chain collaboration: community values, network participation and company competences. An overview is given of socio-economic factors blocking and enhancing chain collaboration at company and community level. Factors such as the strong bonding of family with business in tightly knit networks, a high level of social control, entrepreneurial autonomy, and loyalty as community norm hamper collaboration within the supply chain.

Respondents' discourse demonstrates that cultural codes and identity form the very core of the entrepreneur, driving rather than 'embedding' economic behavior. Kinship, religion and peer pressure determine 'windows on the world' when engaging in chain collaboration. Consequently, any analysis of economics that does not integrate sociological and psychological methodology is flawed from the outset.

© 2016 Elsevier Ltd. All rights reserved.

1. Integrated supply chains are more adept in creating customer value

1.1. Introduction

Literature has shifted from considering supply chain as a stand-alone linear concept [41] to exploring them as global systems of governance that link chains firms together in a variety of sourcing and contracting arrangements [18,19]. These Global Value Chains are analyzed for their 'spatial scales' and institutional context. This local context, such as public policies and shifts in global power and market demand, sets conditions on how GVC operate [10]. Value chains interrelate with local economics (e.g. labor costs, available infrastructure), as well as with existing social and institutional dynamics (e.g. availability of labor and its skill level, access to education, taxes, subsidies). 'Global Production Networks' (GPN) analysis takes a network perspective when considering the

interrelation between value adding activities, their context [1] and local development [27]. Embeddedness refers to the historical relational networks, formal and informal social institutions and the circulation of key knowledge that leads to a certain 'path dependency' in the development of added value activities and upgrading [27].

This article retakes the concept of embeddedness by Granovetter that economic action is mixed with action or institutions that are non-economic in content, goals or processes; and that most behavior is closely embedded in networks of interpersonal relations [23]. The focus is neither on the impact of social relations on the creation of value, nor on how global market or natural resource governance affect social networks. The presented research set out to understand how social relationships define identity, perspective and subsequent economic behavior [2,24], particularly the disposition to collaborate. Starting from the question why Dutch fishermen are reluctant to enter chain collaboration, the results from conducted interviews confirm that non-economic motives drive collaboration in value networks. History, social networks, norms and values in the local fishing communities shape fishermen's perspectives on entrepreneurship and chain collaboration.

* Corresponding author.

E-mail addresses: olga.vandervalk@wur.nl (O.M.C. van der Valk), birgit.devos@wur.nl (B.I. De Vos).

After explaining how chain collaboration offers opportunities for value creation (paragraph 1.2), supply chain strategies for the Dutch fisheries sector are described (paragraph 1.3). In the subsequent paragraphs, non-economic factors that influence chain collaboration and were emerging from the qualitative interviews, are described for respectively the individual company, social networks and the interaction with society, defined both narrowly (community) and broad (stakeholders in the institutional context of the fisheries value chain). Paragraph 5 contains synthesis and conclusion.

1.2. Chain collaboration provides a better fit with customers

Empirical evidence shows that well-executed vertical supply chain collaboration directly improves firm performance [3,9]. Collaboration provides synergy of resources, competitive advantage through reduced transaction costs, more stable prices and increased product quality [36]. By providing opportunities for product and market differentiation, chain-wide collaboration enables individual chain partners to grow [9,12,43].

Vertical chain collaboration is key to understand and act upon the changing needs of customers far down the demand chain [25]. Differentiation strategies induce companies toward collaboration with chain partners, so they can meet specified quality standards and enlarge the pie by adding value for specific consumer segments. Direct consumer interaction, and new value creation, make value chains more responsive to customer and societal demands [6,42], and consequently more robust. A consequence of the emergence of value networks is that no longer the stand-alone individual firms compete but entire supply chains [11]. The learning capacity of value networks [26] becomes important, and mediation of connections among businesses a source of added value by itself [5,26]. This necessitates companies to abandon a 'too myopic' internal focus [14].

However, vertical chain collaboration is not a panacea for successful marketing. With growing interdependency, companies become more vulnerable to default by their partners in chain collaboration. Collaborating partners tend to counterbalance this by means of more intensive information exchange, coordination, and commitment to the partnership continuity [3,16,31]. Procedural rules also apply to successful chain partnerships, such as clear roles and contributions, formalized goal alignment, transparency, stakeholder involvement and social embeddedness [14,15,47]. Embeddedness refers to the fact that economic behavior, and consequently the formation of economic alliances, is not independent of social relations. The structure and dynamics of social relations shape institutions, including economic arrangements [22]. Indeed, in the Dutch fisheries communities, cohesion and socio-cultural identity have been intertwined with the economic activity for centuries [35], safeguarding the resilience of the local community and economy.

1.3. The rapidly changing environment calls for new supply chain strategies in fisheries

So, although market responsiveness increases vulnerability, it also makes the supply chain more robust. In particular profitability in the Dutch fisheries sector could benefit from being responsive to societal concerns. Increasingly, the Dutch fisheries sector has lost autonomy vis-à-vis external parties to the supply chain. Public policy, with the introduction of fish quotas as an important example, influences the balance between supply and demand on the global market, and consequently indirectly influences prices. The seas are no longer considered an economic natural resource only, but are claimed for spatial planning, nature conservation and alternative exploitation, such as wind energy. Environmental

regulations are becoming stricter, and with it public monitoring of fisheries practices. Due to societal concerns about the sustainability of fishing, and under the scrutiny of environmental organizations, retail is increasingly demanding MSC certified fish, which only a small part of the local flatfish supply can comply with. Hence, the growing influence of public opinion on fishery practices directly relates to customers' value and innovation [29].

While in other sectors businesses, customers and other non-governmental organizations organize themselves in value networks to respond to emerging challenges in society at large (climate change, depletion of natural resources), Dutch fisheries still mostly follow a production-oriented cost-price strategy.

The Dutch cutter fisheries count 275 active cutters, which are mainly active in the North Sea, and the Wadden Sea. The vessels are family-owned, and the main target species are plaice, sole, and shrimp. Though the contribution of the fisheries sector to the gross national product is limited (0.2%), activities are concentrated in a limited number of localities and have a significant meaning for the local economy.

The fish auctions, of which there are 11 in the Netherlands, have stimulated transparency regarding quota uptake and prices, but have not succeeded in creating more added value to fish. Some fishermen have taken the initiative, or were invited by other supply chain companies, to experiment with different chain configurations for the fisheries sector [33] and to develop differentiated products for the Dutch consumer market. This has led fishermen, wholesale and retail chains to collaboration for market differentiation by means of brands and standards, as well as to direct marketing by fishermen¹. Nevertheless, these initiatives for vertical chain collaboration with fishermen's participation have proven scarce, and rarely successful in the Dutch North Sea fisheries sector.

A key factor for successful supply chain collaboration is trust, and the building of trust [13,15,38]. Previous research [13] has shown that trust is often lacking in the Dutch cutter fleet. This paper considers trust and other non-economic factors not as part of how value chains function, but for their role in the social networks that consequently form a barrier to, or catalyst for, chain collaboration in the Dutch North Sea fisheries sector.

As a result, noticing the fishermen's non-responsiveness to partnerships in the fisheries chain, and the apparent lack of interaction between fishermen and society to define customer value of Dutch North Sea fisheries and fish, the following question arises: What makes entrepreneurs, in particular fishermen, responsive to seeking partners for innovation, or to the contrary, what makes them reluctant to enter collaboration?

1.4. Methodology

Ten interviews were conducted, with employees from a bank and public policy institutions, originators and consultants in initiatives of chain collaboration, a processor and fishermen. Selection criteria were the engagement in different types of (faltered and successful) chain collaboration, including 'non-collaborative' operation on spot markets with temporary supply contracts, and profound knowledge of the fisheries sector from different perspectives. Interviewees were asked to give their perceptions on chain collaboration, trust, and the role of the local community, encompassing a 'sense of place' [53] that is both geographical and social. When referring to community ('village'), the interviewees referred to their social environment, encompassing the fisheries industry, - fishermen, processors, and municipality-, not the entire population of the village or city.

¹ For examples of chain initiatives, see De Vos [13].

Download English Version:

<https://daneshyari.com/en/article/7489063>

Download Persian Version:

<https://daneshyari.com/article/7489063>

[Daneshyari.com](https://daneshyari.com)