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## "Uneven processes of rural change"

### The XXVII European Society for Rural Sociology Congress

# What innovation biographies reveal: international experiences and local obstacles to cooperative innovation in the food sector

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**Abstract – Under the current endogenous paradigm, rural social and economic development shall be fostered via local cooperation and networking to unleash local innovative potential and activate resources. However, this paradigm is challenged more and more by low growth and cohesion rates, uneven territorial development and ideas such as “nexogenous” (Bock 2016) growth. Nexogenous growth calls for greater attention to the manifold relations *between* places, be they rural or urban, in contrast to a solely inward-focused development strategy. Against this backdrop, the paper wants to tackle the potential of regional and extra-regional cooperation theoretically and sketches the benefits extra-regional connections can have for innovation processes. Data stem from three case studies of small-scale craft manufacturing (food and cosmetics).**

#### INTRODUCTION

The paper focusses on the entrepreneur as the nexus of regional networks and extra-regional knowledge. The endogenous growth paradigm is under increasing pressure and scholars are focusing more and more on so-far overlooked potentials which stem from extra-local influence and connections, such as nexogenous perspectives on rural growth. Economic geographers likewise point to the importance of extra-regional connections (Dubois, 2016; Bathelt et al., 2004) and the dangers of ‘over-embeddedness’, lock-in (Grabher, 1993) and the manifold hindrances to local (agri-)business cooperation (Warlow and Kasabov, 2014; Ortiz-Miranda et al., 2010). The role of extra-local connections, even of small rural enterprises, is of importance in the context of innovation processes. Various forms and the right balance of proximity are relevant for both networking and innovation processes (Boschma 2005). Spatial proximity, as it is found in place-based networks, might not suffice to foster innovation. Cognitive proximity however can transcend space and ICT grants access even to ‘tacit’

knowledge. The innovation process behind food-products in small-scale manufacturing businesses serves as an ideal example for the concomitant relevance of embeddedness within local networks and extra-local flows of knowledge to produce product innovations. I want to point out how this relatedness to extra-local knowledge and discourses is relevant for innovative entrepreneurship and which connections are relevant at which stages of the innovation process.

#### DATA AND METHODS

Following Schumpeter, innovation is understood as the new combination or organization of resources to create something new – be it entirely new to the market or simply new to the company, region, or group of actors. Furthermore, an ‘innovation’ in the full sense of the meaning is a solution or a product that is beneficial to its users and marketable/applicable. This definition calls for an ex-post study of successful innovation processes. To analyze the processes behind successful innovations in rural areas I use the method of innovation biographies (Butzin et al., 2012). This is a tool suited to the ex-post, reconstructive analysis of the processes, agents and practices behind innovation. Employing narrative interviews which stem from biographical research, the entire history of the innovative product can be captured, knowledge flows retraced, relevant agents identified and further factors influencing decision-making and project development isolated. Most importantly, the innovation biographies reflect hindrances, failure and changes along the path.

Data stem from a recent pilot programme targeting cooperative (social and economic) innovation to foster growth in 13 among the most peripheral German regions. Three ongoing case studies (comprising a total of 14 semi-structured interviews) are used for this paper. Craft-foods are produced in two of the case studies and the third produces herbal cosmetics.



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#### RESULTS

The biography of a fish-canning factory, of an herbal cosmetics company and a rare herbs & vegetables farm are used to illustrate the three development stages from seed-idea via prototyping to craft business and the difficulties and supporting factors along the route. The three case-studies of innovative craft businesses reveal a process of unsuccessful local cooperation which eventually led towards individual entrepreneurship and the development of craft businesses. Because the biographical account of the innovation dates back to the very early seed-idea, it can be revealed how the development of these craft businesses benefitted greatly from international experiences and knowledge. The key person in each of the case studies is firmly embedded within the local community and the business sector, nevertheless differing aspirations, production methods and concepts of quality of product, together with severe problems arising from different company sizes, make local innovative cooperation unfeasible. Instead, business relations are established along procurement of produce. The seed-idea for the product in all three cases stems from extra-local knowledge flows, accessible both via prior personal experience and ICT. For example, machinery and recipes for the production of pickled vegetable specialities stem from the US and Japan, made available online via YouTube. The embeddedness of the entrepreneur into very specific *communities of practices* (Lave & Wenger 1991) and YouTube videos make aspatial knowledge accessible. In contrast, his local network of horticultural businesses provides him with produce but further cooperative production so far has not been possible. The further development of the craft-business along consolidated market position and eventually differentiation and growth will be followed as well.

As a tentative result of this ongoing research one can deduct the relevance of local embeddedness and extra-local relatedness *at different stages* of the innovation process. While extra-local knowledge is important in fostering the seed innovative idea (by definition new, at least to the context) and the marketing of the final craft-product, local ties are relevant in the actual production process. The case studies reveal however that local cooperation along the production chain is difficult to achieve. These difficulties led to the establishment of small-scale manufacturing businesses.

#### CONCLUSION

The first results suggest that a focus of development schemes on regional cooperation (between agriculture and food industry) might not be the only way to

local development. This is due to cooperation difficulties arising by size, margins or production standards of the different companies, as has been pointed out before. Further, especially innovative ideas, i.e., new approaches, might be best developed in small scale, microbusinesses which can manoeuvre more flexibly. Last, fostering extra-regional cooperation and participation in international knowledge flows might bring innovative ideas to peripheral areas and overcome lock-in situations. Employing biographical accounts of the innovation reveals the importance of different resources at different times – an important asset to improve rural SME funding, tailored to the biographical stage.

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