

Exploring the role of consumers as drivers of agri-food networks: contexts, beliefs, and governance

Gaetano Martino, Rossella Pampanini
Dept of Agricultural Economics and Food Sciences
University of Perugia – Italy

Keywords: Solidarity Purchasing Groups, decision-making process, common goods

Abstract

The paper aims at illustrating the hypothesis that the Solidarity Purchasing Groups beyond providing food organize the co-production of specific common goods: health and environment protection. The hypothesis is based on the idea that the system of practices carried out by the groups members is directed to the provision of such goods to the participants. The study concentrates on the organization of the decision-making process as the co-production of common goods require a polycentric decision-making process. The study proposes an empirical analysis which concerns with the organization of the decision-making processes in Solidarity Purchasing Groups (GPOs). Three typical case studies (Seawright, Gerring, 2008) are proposed - [GasPiterina \(Perugia, Central Italy\)](#), [GasAlpa \(Siena, Central Italy\)](#), [Gas Ricorvoli Solidale \(Florence, Central Italy\)](#) - in order to corroborate the hypothesis that polycentric governance systems are achieved by through constitutional processes aimed at achieving a horizontal distribution of critical decisions rights. The case study constructs were developed in accordance with these research questions. Criteria for identifying case study typology were identified in parallel to constructs building (van Duren et al., 2003). Case studies are carried out by interviews and document analysis. The relationship between case studies and the theoretical hypothesis proposed is identified within the framework provided by Yin (1994). The analytical generalization method was applied, in which a previously developed theory is used as a template for comparing the empirical evidence from case studies (Yin, 1994, p.31) and in which results are generalized into theory.

1. Introduction

The Solidarity Purchasing Groups represent a form of co-production of increasing importance in many social and geographical areas. They are example of food systems which include the (a) reconnection of producer and consumer, (b) the direct exchange through which this occurs, and (c) the shared goals and values (Mount, 2012). Scholars identified a set of drivers leading small groups of consumers to undertake small scale complex organizational processes aimed at the provision of food to the group participants. It is not among the purposes of this paper to summarize the articulated, conceptual construction which has given raise to identification of innovative networks as context of emerging of citizenship values from the elaboration of the search of food quality objectives.

The paper aims at illustrating the hypothesis that the Solidarity Purchasing Groups beyond providing food organize the co-production of specific common goods: health and environment protection. The hypothesis is based on the idea that the system of practices carried out by the groups members is directed to the provision of such goods to the participants. The study concentrates on the organization of the decision-making process as the co-production of common goods require a polycentric decision-making process. The analytical framework is presented in the paragraph 2. The empirical analysis is discussed in the paragraph 3. The last paragraph includes some final remarks.

2. Analytical framework

2.1 The theoretical context

The great variability of the experiences in food networks basically entails processes of re-localization of economic activities and practices (Sonnino, Marsden, 2006). This posited a demand for more complex conceptualization emphasizing the role of the concepts of both network and territorial embeddedness (Hess, 2004). However this transformation is taken for granted and its outcomes are explored. The complexity of the class of the innovative consumers networks has been addressed under both an organizational and an institutional perspective. Two dimensions of short food supply chains have been identified (Renting et al., 2003): a) the organizational structure and the specific mechanism entailed in the extended relations in time and space; b) the quality definition and conventions. With respect to the first dimension three positions are distinguished:

i) *face-to-face* interaction based, consumers purchase directly product from producers, in this case the “act of purchasing” is the means to access the consumption and the degree of engagement is based on the direct contact;

ii) *relation of proximity*, the larger is the distance, the more complex the organization and the institutional arrangement become. Spatial proximity may be intertwined by cultural proximity (Renting et al., 2003, p. 400) . Note that consumption is seen as an instrument of extending the of the supply chain *via* the buying power, under this view the consumption in this circuit is perceived as an instrument.

iii) *extended relations*, in which there is any direct relationship between producers and consumers.

The classes identified become more complex as soon as the complementarity between conventional and “alternative” circuits increased (Sonnino, Marsden, 2006). The network principle of organization sustain these forms: example are in the farmer markets (Martino, Fritz, 2010).

The second dimension considered concerns with the quality definition and conventions. Two main categories are identified. The first focuses on the link between quality attributes and the place of production or producer. This relationship is complex in nature and entails cultural as well as historical elements which are associated to the product and are also at the core of the consumers perception. A second category of short food supply chains define quality in terms of *bioprocesses* taking care of the natural intrinsic characteristics of the product and entailing in that the are for health and safety (Renting et al., 2003, pp. 401-402).

Brunori et al. (2012, p. 4) contend that the conceptualization of Alternative Agri-Food Networks (AAFN) is based on the establishing new social relationships as alternative food production initiatives, hybrid networks that includes new actors – mainly consumers - and excludes others, changing rules and norms of production, consumption and selling and building new technologies and infrastructures. Re-embedding production and consumption into new social relations and dis-embedding them from dependence on big players in the agri-food system can avoid the risk of appropriation and conventionalization and give a basis to the political action of the networks: a) they exert their freedom of choice in a radical way, as they change not only one or several items, but the whole shopping environment; b) they participate to food movements aimed at changing rules affecting the food system; c) they co-produce –together with producers and with a variety of other actors . new system of food provision; d) they reconfigure the way that food is embodied into socio-technical practices (Brunori et al., 2012, p. 4). Furthermore AAFNs are conceived as system innovation drivers to extent to which they reconfigure the boundaries between political action and consumption, between public organizations and business, and between citizenship ad private interests and lay actors and experts (Brunori et al., 2012, p. 5). Multidimensional patterns of actions give thus raise to a multidimensional path of change and innovation in which the consumption is re-located within the context of the whole social life and system of relationships. Beyond the methodological and theoretical implications, the re-anchoring of consumption in the system of social relationships allows the actors to cope with uncertainty in terms of reflexivity.

2.2 A conjectural conceptualization of the SPGs' practices

The focus of the actors – not more conceptualized as individuals but participatory members of networks – is not on the characteristics of food *per se*, but rather on the integration of the food characteristics in higher level of symbolization where the food entails multiple use values. For example, to connect consumption and production of food allows the groups to with the uncertainty about the origin and the intrinsic qualitative characteristics of the products. A further example is that the interest toward local production-consumption systems is emphasized both because of the attention paid to the environmental resources and to basic necessity of establishing and nurturing direct relations between consumers and production. We contend therefore that in the experience of SPGs the food is the necessary instrument of the constituting of social relationships which in turn provides to the members the access to further goods perceived as urgently necessary in the face the uncertainty. The uncertainty concerns not only the *traditional* quality of the food, but also the very content of human exchange. Health, environment and culture are the most frequently values perceived by SPGs members. The groups practices can be conceptualized as *practices intended to produce health, environmental resources maintenance and culture preservation and diffusion*. Each group member achieves thus the capability to consume such goods. Under this perspective the SPGs tend to assume the profile of common goods producers and consumers organizations.

In this paper we point out the fact that the system of the SPGs' practices includes several level of functionality.

According to Brunori *et al.* (2012) these practices:

- a) transform the shopping environment, basically promoting the emerging of relation aspects in the circulation of the food;
- b) engage the participants in food movements and in processes of change of rules affecting the food system;
- c) substantiate the co-production processes designed and undertaken by the SPG;
- d) they reconfigure the way that food is embodied into socio-technical practices.

This characterization highlights the innovative nature of the SPGs and the structuring capability of the practices. However, beyond the food, SPGs are interested to further goods. Health and environmental quality are co-produced by through the specification of the characteristics of the food products and the joint coordination of the production processes with the farmers. We then conjecture that the structuring capability of the practices (Jones, Murphy, 2010) is explicitly aimed at constructing systems of activities aimed at achieving health and environmental outcomes as joint products of the food. This hypothesis can be expressed by through the concept of action situation whose structure includes: i) the set of the participants; ii) the position to be filled by the participants, iii) the potential outcomes; iv) the set of the allowable action and the functions linking the actions to the potential outcomes; v) the control that an individual has in regard to this function; vi) the information available to participants about actions and outcomes and their linkages; vii) the cost and benefits assigned to actions and outcomes (Ostrom, 2005, p. 32). More precisely participants in an action situation are decision-making entities assigned to a position and capable of selecting actions from a set of alternatives made available at nodes in a decision process and positions are the connecting links between participants and action situation vary substantially in the degree to which participants control their own entry or exit from a position (Ostrom, 2005, pp. 38-39). Our hypothesis is thus that the members (and the subgroups) of a SPG are participants of an action situation assigned to specific positions whose system of activities yields food, health and environment as potential outcomes. The critical feature of the participants is the way the decision-making processes are organized. Grandori (2010) showed that actors may organize their activities by taking into account the complementarity of their resources irrespective of which results will be achieved and of what contingencies will materialize (Grandori, 2010, p. 357). Complex action situation concerned with common pool resources require the building up of polycentric system. "Polycentric" connotes many centers of decision making that are formally independent of each other. Whether they actually function independently, or instead constitute interdependent

system of relations, is an empirical question in particular cases. To the extent that they take each other into account in competitive relationships, enter into various contractual and cooperative undertakings or have recourse to central mechanism to resolve conflicts, the various political jurisdictions in a metropolitan area may function in a coherent manner with consistent and predictable pattern of interaction behavior. To the extent that it is so, they be said to function as a "system" (Ostrom et al., 1961, pp. 831-832).

The empirical identification of a polycentric decision system within the SPGs would provide a support for the hypothesis introduced.

In the following we propose three simple case studies concerning SPGs and make an attempt in identifying the decision making system the SPGs have implemented.

3. Empirical investigation

We carry out three case study concerning SPGs established in Perugia, Siena and Florence (Central Italy). The empirical analysis reports the evidence of ten diverse case studies (Seawright and Gerring, 2008) under a confirmatory perspective. A set of *research questions* has been preliminarily specified. The question addressed was: *how is the SPG decision-making process organized?*

This research question was drawn from the theoretical propositions introduced. The generalization method is the *analytical generalization* in which a previous developed theory is used as a template for comparing the empirical evidence from case study (Yin, 1994, p.31) and in which results are generalized to theory. The sources of the data used were direct interviews carried out with responsible person of the SPGs. We use a simple classification of the decisions. We label *strategic* the decisions which influence the identification of the long-term characteristics of the organization and shape many other, low order decisions. For example, the *producers selection criteria* contribute to determine the system of group relationship and influence the purchasing decisions. *Operational* decisions are those which substantiate the day-to-day group activities.

3.1 SPG GasPiterina Perugia (Italy)

The group *GasPiterina* originated in 2011 from *Gaspiterina* which was in turn established in the 2008 by 7-8 families. The latter was originally based in the Southern periphery of Perugia (a small city of Umbria, Central Italy). More families joined the group in the subsequent years. On the end of the 2011 the group included about 25 families. Recently the some families exited *Gaspiterina* and constituted a news group *GasPiterina*, which is base in Western periphery of the city. As it will be explained below, the geographical factor was not the unique driver of the organizational change mentioned.

The first issue addressed by the members of the group concerned with very general questions:

- a) *What types of products are necessary to the group members?* This question entails both the identification of the food products requested to fill the family baskets (*consumers requests*) and the setting of the boundaries of the groups activities (*boundaries ruling*). Actually, the identification of the types of the products is the basis for establishing the connection between the group members and the producers. Having identified the types of products, the group members have set the basic dimensions of the economic and social space where they aim to carry out the group activities.
- b) *What criteria have to be adopted in order choice the producers.* As in many Solidarity Purchasing Group, the critical relationship is not conceptualized in terms of supplying activity; rather the members perspective is centred on the production activities and is aimed at establishing direct contacts. Therefore the identification and the adoption of the criteria needed to choice the producers is a critical step in allowing the member to achieve their expectations about the nexus between the consumption and the production stage. These criteria provides also a specification of the perception the member have of the group as an organization. The member perception of the group is rooted in a set of values like "To hinge

the exchange on personal relationship”, “To promote enriched social relationship”, “To procure products form short circuits”. These values also shape the expectations about the nexus between consumption and production. The figure 1 summarizes the nexus between values, expectations, perceptions and producers selection criteria.

- c) *How to organize the procurement activities* this question concerns with the activities and the system of practices to carry out: the group identified a *product-responsible person* who collect the request of the members ad organize the procurement and the distribution of the product.

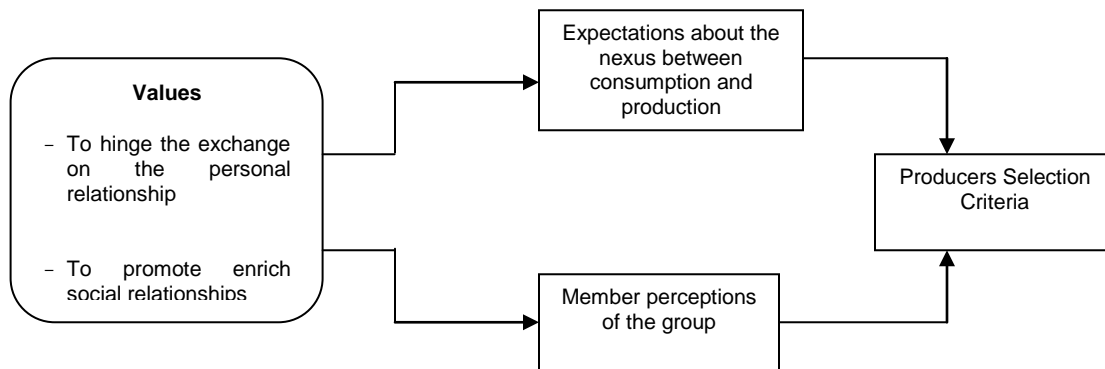


Figure 1: *GasPiterina* Identification of producers selection criteria

The answers to the previous questions originated the group strategic decisions ad shape its organization. The basic principle of decision making is the participatory deliberation. The strategic decisions have been made by through an extensive process of discussion and analysis characterized by the participation of all the member of the group. A further strategic decision is the setting up of network relationships with other solidarity purchasing groups. The networks provided the original organizational form of the group. It currently integrates and channels information allowing the group cope with procurement issues which cannot be managed on local scale. The networks relationship are also exploited by *GasPiterina* in order to develop further social initiatives.

The organization of the procurement is based on the association of a responsible person with a given product (or a small set of products). Normally the responsible:

- a) ascertains the requests of the members;
- b) gathers the specific information concerning the requests;
- c) to transfers the order to the producer
- d) to organizes the distribution of the product.

3.2 SPG *GasAlpa* - Siena (Italy)

The group was established in 2007 by through a process which engaged about one year. The ALPA (an organization linked to a large Italian Union, the CGIL) promoted the birth of the group. The first issue faced by the founding members was the choice between a formal or informal organization. The member decided to adopt a formal organization which was intended as the best tool to pursues the objective of the associated members. Although some of the original members were “institutional actors” (i.e., Associations or institutionalized bodies), they exited the group just a few time after the outset of the basic organization. The number of the household involved is about 100. The group is in touch with 20 farms and the value of the products purchased manage about 50-70.000 euros/year (70% is supplied by local farms).

The management of the group is based upon the Assembly of all the members and the Board. The latter is management body made by elected people, rather it is the outcome of a spontaneous process of self-engagement in the SPGs constituting process and activities. The Board makes the most of the decisions – as the majority of the members prefer to delegate the decision rights – thus the SPG *GasAlpa* can be thought of as being characterized by a *centralized decision making process* enriched by *participatory deliberation* (on charge of the Assembly) concerning specific issues or, most frequently, the annual validation of the Board management decisions.

The original set of promoters identified a basic organization charging the procurement decision on a responsible person for each product (or small product of products). The procurement activity is organized by the choice of a responsible person as in the previous case. The member responsible for a product normally:

- a) ascertains the requests of the members;
- b) gathers the specific information concerning the requests;
- c) transfers the order to the producer
- d) organizes the distribution of the product
- e) collect the payments and channel them to the member who acts as cashier.

The specialisation of the functions allows the group to act in a transparent manner. Transparency is also a value of the relationships the group aims at establishing. Further values are: equity, solidarity and direct relationship with the producers. Local producers are preferred. The group tends to require the engagement of the producers in order to achieve a responsible participation and to promote the emerging of sharing views.

Strategic level decisions are normally made by the Board, even though the Assembly is requested to approve such decisions or may encourage the Board to take them. The Board plan the constitution of the systems of group relationships with further SPGs and the *ReteGas*. This line of organizational networking allocate the group activities and perspectives within the wider context in which the SPGs operate also under the influence of the Tuscany Local Regional policy. Further initiatives are also promoted by the Board, the participation to local markets (also farmers markets) it has been sometimes undertaken. Notably the Board encourage the emerging of a pro-active profile of the members: when some new interest emerges with respect to a product or a producers, the members interested are encouraged to develop the contact, to assess the capability of the potential supplier, to test the supply with respect to the principles of the group and finally to organize the procurement under the validation of the Board. The pro-active enhancing approach is thought of as a strategic tool to the purpose of rooting the membership in the SPG view.

3.3 SPG *Ricorboli solidale* – Firenze (Italy)

Ricorboli Solidale is a SPG established in Florence (Central Italy) since 2008. It is embedded in a social context that sustain several solidarity initiatives since thirty years. These activities span from micro-credit programs to the direct assistance to groups of families. This social context entails different cultural environment, which are homogeneous with respect the search for building patterns of social interaction based on relational values and solidarity objectives.

Ricorboli Solidale started in 2008 with just 8 families, but grew up to 35 families in the 2012. A distinctive characteristics is that the engagement of the members as responsible of the provision of class of products. This choice strengthen the horizontal connections among the members. The selection of producers is based upon few, strong principles among which the protection of the nature, of the environment and of the labour and the play the main role. The SPG seeks to purchases products mainly on the local markets. Under an organizational point of view the producers selection is managed by:

- a) gathering information about potential suppliers;
- b) analyzing the potential supplier characteristics, also with respect to the principles mentioned;
- c) a supplying experimental stage.

These activities are supported by the *District of Solidarity Economy* an institutional arrangement active at regional scale which undertakes initiatives aimed at supporting the groups activities. The *District* contributes to the suppliers selection process by providing maps of the producers who reflect the protection principles. A further institutional supports comes from, a sort of coordinating device supporting the SPGs in managing large purchasing orders (*intergas*). The management of the large purchasing order is illustrated in the Figure 2

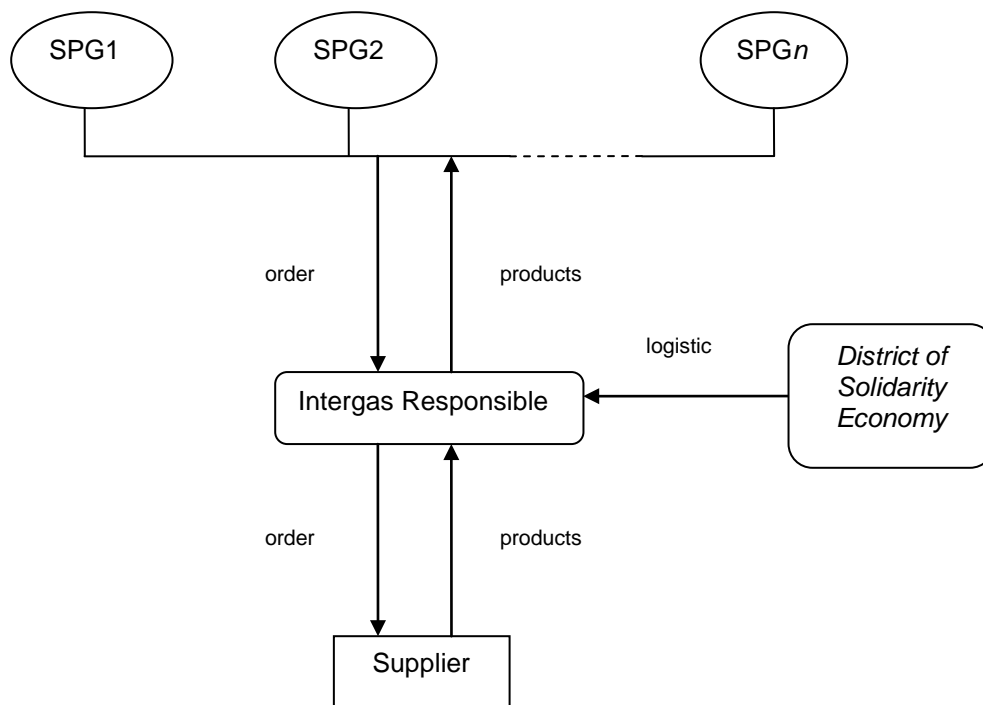


Figure 2: *Ricorboli Solidale* The management of the large purchasing order

The figure illustrate the building of social space based on the engagement of three positions of the SPG environment. This engagement is aimed both at solving the problem of managing large purchasing order and to put in practice the principles *Ricorboli Solidale* shares with the other SPGs.

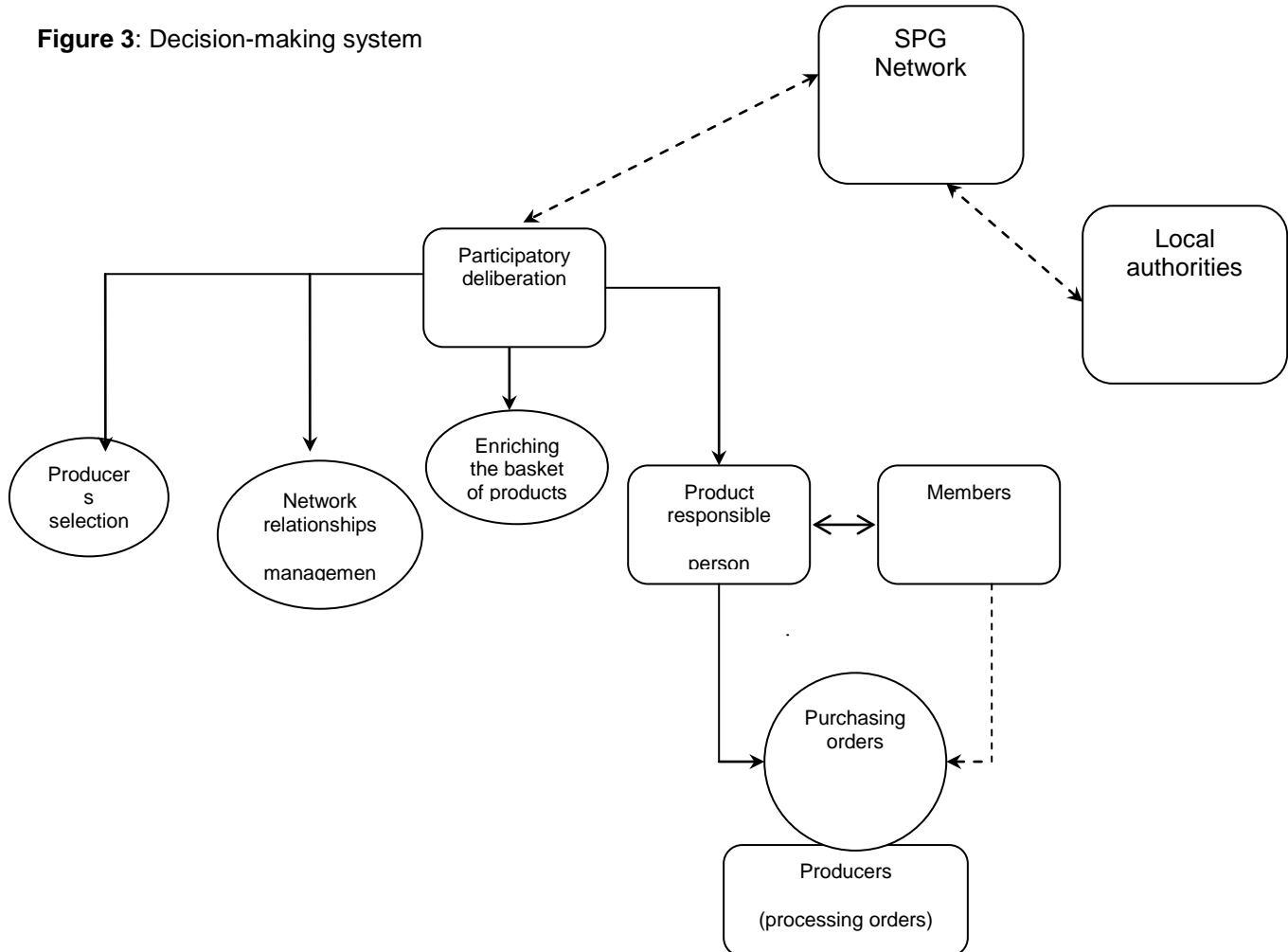
The decision-making process is largely based upon a deliberative approach whose origin is in the context rather than in *Ricorboli Solidale*. The group meeting take place by a monthly frequency. The producers may participate.

Ethics is guide principle. A central objective of theSPG is thus the elaboration of principles for the management of common goods.

3.4 A brief discussion

The decision-making systems built on by each of the three SPG can be illustrated by the figure 3.

Figure 3: Decision-making system



Legend:

Symbol of position

Symbol of action

The figure illustrates the positions of the participants and the of the external body who contribute to the decisions making. The deliberative participation is organized at several levels and entails a critical role for the network of the SPGs as well as for the public authorities. It seems that these three decision-making nodes are systematically present in the organization, even though their role could differ across the cases. The decisions give raise to the actions which are in turn to the achievement of the SPGs objectives. The organization of the SPGs activities emerges as the organization of the co-production of health, environment and labour protection

(as in the case of Ricorboli solidale). The co-production of common goods under the guide of a polycentric decision making system seems to characterize the experiences examined.

4. Final remarks

The study addressed the question on how is organized the decision-making process in SPGs. Three case studies were carried out and presented here. The basic idea is that system of practices undertaken by a SPG yields complex outcomes that associate health and environment protection to food provision and consumption. The emerging organization of the decision-making process reflect the polycentric system form which in turn correspond to the typical arrangement of the decision making process for the management of the common goods.

References

- Brunori, G., Rossi, A., Guidi F. (2012). On the New Social Relations around and beyond Food. Analyzing Consumers' Rle and Action in Gruppi di Acquisto Solidale (Solidarity Purchasing Groups). *Sociologia Ruralis* 52 (1): 1-30.
- Grandori, A., (2010). Asset commitment, constitutional governance and the nature of the firm. *Journal of Institutional Economics* 6 (3): 351-375
- Goodman, D., (2004) Rural Europe Redux? Reflection on Alternative Agro-Food Networks and Paradigm Change. *Sociologia Ruralis* 44 (1): 3-16.
- Jones, A., Murphy J.T.(2010). Theorizing practice in economic geography. Foundation, challenges, and possibilities. *Progress in Human Geography* 35 (3): 366-392.
- Mount P., (2012), Growing local food: scale and local food systems governance *Agriculture & Human Values* (2012) 29:107–121
- Ostrom, E., (2005). *Understanding Institutional Diversity*. Princeton, Princeton University Press.
- Ostrom, V., Tiebout C.M., Warren, R., (1961). The organization of the government in metropolitan areas: a theoretical inquiry. *The American Political Science Review*, 55 (4): 831-842
- Renting, H., Marsden, T.K., Banks, J. (2003). Understanding alternative food networks: exploring the role of short food supply chains in rural development. *Environmental and Planning A* 35: 339-411.