Chapter 15
Social–Based Product Innovation and Governance in The Milk Sector:
The Case of Carciocacio and Innonatura

Giovanni Quaranta
University of Basilicata, Italy

Rosanna Salvia
University of Basilicata, Italy

ABSTRACT

The chapter reports and discusses a case study on an economic and scientific partnership which has developed a successful innovation, a cheese produced with vegetable (artichoke) rennet, using measure 124 of Campania region's Rural Development Plan, in a sector which is currently in crisis. The case study shows how the initiative's key to success is not only in product innovation but, more importantly, in the innovation of governance in the production chain and in the composition of the partnership. The latter includes not only the actors traditionally involved in processes of innovation in the agricultural sector (producers/adopters of innovation) but, also, new figures capable of producing organisational models to increase competitiveness in this struggling sector.

INTRODUCTION

In Europe, rural areas cover nearly 90% of its territory and are home to more than 50% of its population (Knickel et al., 2009). The effects of globalization, coupled with social, political and environmental changes, have left rural socio-ecological systems at high risk (Bardsley & Bardsley, 2014). Rural regions are, in fact, facing numerous and complex challenges to their economic viability and sustainability. Common features of rural areas, such as population ageing, out migration, low-waged and low-educated workers and cuts to public services, are all contributing factors to the social and economic decline of these regions (Slight et al., 2016; Ward & Brown, 2009).

The effects of external shocks are most evident in marginal rural areas, where low population density, a lack of economic diversification and a lack of control over economic policies imposed by national governments (Freshwater, 2015), undermine their resilience, defined as the ability of rural economies to resist disturbances and/or return to a pre-shock state (Pike et al., 2010; Perrings, 2006; Wilson, 2012). As a result, current rural system analysis in developed countries is focused on creating the conditions to support and increase local resilience in the face of external changes (Fielke & Bardsley, 2013; Milestad &Darnhofer, 2003) and the crucial role that the public and private sector can play in these transformations (Lemos &Agrawal, 2006). In particular, decision makers are increasingly asked for innovative policies (Bardsley &Bardsley, 2016).

State support for agriculture has also undergone a progressive reduction in the last thirty years, in line with the increasing predominance of neoliberal policies. Price support mechanisms for agricultural commodities have been significantly reduced in OECD countries and there has been a tendency to move away from a productivist model of agriculture to a model based on rural multi-functionality, without sufficient investment in innovation and economic growth (Marsden & Sonnino, 2008).

In order to face these challenges and relaunch their economies, rural communities are looking for new opportunities for growth and innovation. Promoting economic growth is, therefore, a priority in rural regions, and the tools needed for this objective are largely considered to be better access to financial capital and, most importantly, innovations (Sarkkinen & Kässi, 2013).

European policies have increasingly tried to promote interaction between farmers, researchers and rural businesses in an attempt to produce an interactive model of innovation, which is inclusive of all the various rural actors (EU, 2009). The European Union's interest in innovation arises from its positive contribution to growth, but especially from the realization that production systems in Europe are not sufficiently innovative and have not yet started moving down the desired path towards a knowledge-based economy.

Innovation is considered important to tackle issues such as response to climate change, conservation of biodiversity, maintaining water quality, exploiting renewable energy sources and has an important role to play in restructuring the European dairy sector. Innovation is also considered essential to meeting objectives for competitiveness, quality of life, diversification and territorial cohesion, all of which are key issues in the EU agenda.Despite working with a reduced budget, the EU is still highly committed to supporting innovation and research across all sectors, including agriculture (Bonfiglio et al., 2015). In fact, research and development is one of the EU's five priority targets in its ten year strategy launched in 2010 for sustainable and inclusive economic growth (the Europe 2020 Strategy).

This chapter aims to add to the policy debate surrounding innovation in agriculture through a case study within the NOVOROD Project, which has successfully developed innovation in the struggling Italian dairy sector by building an economic and scientific partnership. The case study analysis shows how the success of the project was more to do with innovations in governance in the production chain and the makeup of the project's partnership rather than innovations in the product. The project added new and innovative figures to the traditional actors involved in introducing innovations (producers/adopters of innovation) who were able to produce organizational models capable of increasing the competitiveness of this sector, which is currently in crisis.

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