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Territorial challenges in rural areas: performance and potential of innovative olive cooperatives in Andalusia (Spain)

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ARTICLE SECTION

Territorial challenges in rural areas: performance and potential of innovative olive cooperatives in Andalusia (Spain)

Abstract: In the logic of regional productive specialization, the olive grove has become the main occupation of agricultural land in Andalusia. In the most rural municipalities, in fact, the options for the maintenance of the population are highly conditioned by the evolution of this productive sector. One of the most interesting characteristics of this sector is the strong weight that the social economy has in the olive milling phase, so that the cooperatives are responsible for seventy percent of the oil obtained. The aim of this work is to analyze the innovation processes that are being developed in these olive oil companies to face the challenges of competition and to operate as a lever for rural development. Based on in-depth interviews with cooperative managers, a balance of the current situation is presented, concluding that a deepening, improvement and generalization of the transformations that are underway can be key to improve the competitive capacity of the territories in which they operate.

Key words: olive oils, rural development, social economy, innovation, globalization.

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IDEAS CLAVE / HIGHLIGHTS / IDEES CLAU

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| <ol style="list-style-type: none">1. La identificación del aceite de oliva con la salud ha incrementado su consumo.2. El atractivo del aceite de oliva ha hecho que proliferen en más territorios.3. El cambio tecnológico ha transformado la práctica de la olivicultura.4. Las cooperativas oleícolas son un elemento clave en zonas de olivar tradicional.5. La innovación social es factor de primer orden para la resiliencia rural. | <ol style="list-style-type: none">1. The identification of olive oil with health has increased its consumption.2. The attractiveness of olive oil has led to its proliferation in more territories.3. Technological change has transformed the practice of olive growing.4. Olive cooperatives are a key element in traditional olive-growing areas.5. Social innovation is a major factor in rural resilience. | <ol style="list-style-type: none">1. La identificació de l'oli d'oliva amb la salut ha incrementat el seu consum.2. L'atractiu de l'oli d'oliva ha fet que proliferen en més territoris.3. El canvi tecnològic ha transformat la pràctica de l'olivicultura.4. Les cooperatives oleícoles són un element clau en zones d'olivar tradicional.5. La innovació social és factor de primer ordre per a la resiliència rural. |
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EXTENDED ABSTRACT¹

1. Introduction and justification

The increase in the consumption of olive oils in the world, as well as the high profitability of high-density olive groves implemented in recent decades, have reinforced the productive specialization in all countries within Mediterranean climate, and have even led to acclimatize it in other places that deviate from its ideal ecological conditions (Sánchez Martínez, 2016). At the present time, Andalusia is the largest producer of olive oils in the world, a reality that derives from both the superficial expansion of the crop and its progressive productive intensification, stimulated in both cases by the globalization of the economy.

Most olive groves are organized by small family farms with traditional plantations, and are highly dependent on subsidies to ensure their economic viability. In addition, part-time farming is widespread and the attachment to the land of its owners is very high. The social economy plays a very important role in Andalusia's olive-growing activity: co-operatives process around 70 % of all the oils obtained in the region.

2. Objectives, methodology and sources

Social innovations have been the subject of much academic discussion in recent years and have been approached from different scientific perspectives. The objective of this article is to determine whether social innovations carried out by Andalusian olive oil cooperatives can maintain the competitive capacity of farmers and improve their livelihood in rural Andalusia.

The research was designed under the premise of analyzing innovations implemented in different parts of the territory by co-operatives of varying size, dynamics and structure. After reviewing the scientific literature, the specialized press and technical reports on the sector, the statistical data available on olive cooperatives were reviewed. From the cartographic representation of the quantitative data available, it has been possible to analyze both the spatial distribution of the cooperatives in the territory of the Andalusian community and their importance in terms of production volumes.

The work has been completed with a historical review of the evolution of olive oils co-operatives, based on the available bibliography, which has allowed us to identify several waves of innovations. Likewise, in order to identify and analyze current social innovation initiatives, 10 in-depth interviews were conducted with cooperative managers in which innovations of different nature and depth were previously detected. The use of previous research results, the review of specialized magazines in the sector, as well as the references provided by the interviewees themselves, were decisive in this selection.

3. Results and discussion

The generalization of olive oils co-operatives, since the second half of the 20th century, made them become de facto the basis of the local economy of most of the medium and small municipalities in the interior of Andalusia (Rodríguez-Cohard, 2003). All this

¹ Traducción exclusiva de los autores / Authors' exclusive translation.

would not have been possible without the effective verification of their usefulness in maintaining and improving farmers' incomes.

Among the difficulties that the interviewees foresee in the medium term for these mature social innovation initiatives, the lack of generational succession stands out. Another shared problem is the business atomization and the small size of the olive co-operative business units, especially if one considers that a large part of the business is international in nature and that the technical and organizational capacities for exporting require decisive professional specialization.

The internal operating problems faced by these organizations are numerous and recurrent. Aspects such as the lack of transparency and communication, as well as the resistance and suspicions that the most dynamic technicians must constantly overcome, in a scenario dominated by limited professionalization, are among the most frequently cited. Thus, several of those interviewed expressed their dissatisfaction with the lack of entrepreneurial culture that often adorns the owners in charge of making decisions, as well as the slowness or immobility when it comes to doing so.

All of the above does not contradict the fact that the olive oils social economy is not fully in an international competition, nor that reactions have not occurred. Thus, some second-tier co-operatives have recently appeared, some mergers of small entities have taken place and business groups have emerged (Mozas & Guzmán, 2018), but the supply situation, given the great expansion of supply in the last 35 years (Rodríguez-Cohard et al., 2019), can still be described as dispersed.

As it is well known, rural societies are reluctant to change. Thus, innovation processes are slow, due to the initial reluctance that farmers often have to introduce new forms of management, investment or selling their products. Using a “wait and see” strategy, some co-operatives have been introducing innovations once they had amply demonstrated their success. The main innovations introduced in the co-operatives analyzed in this paper have allowed us to establish different patterns of behavior and categories for grouping them.

Shared management and restructuring processes are particularly innovative at this time. Both are part of the response of Andalusian cooperatives to the challenges of crop globalization (Rodríguez-Cohard et al., 2020) and aim to tackle the structural problems of land ownership distribution, such as smallholdings, atomization of plots and dispersion of ownership, as well as the lack of generational replacement in the field (Rodríguez-Cohard et al., 2020).

Informal institutions are key when it comes to shaping a positive outcome of the changes implemented, so that they are transformed into truly processes of social innovation that remain over time and contribute to improving the citizens' livelihood. In fact, cooperatives have become institutional entrepreneurs (Leick, 2020), qualifying themselves as “public goods”, in the sense that their activity has a decisive impact on the village and because a considerable part of its inhabitants belong to it, as opposed to the olive oils mills that local society qualifies as “private” (although it turns out that cooperatives are also “private”), which makes them a decisive factor for collective action (Ostrom, 1994), the efficiency of community co-governance and for the creation of shared value (Porter & Kramer, 2011) and the reduction of costs in the generation of social networks (Bijman, Muradian & Cechin, 2011) that contribute to the emergence of increasing returns in the territory.

This territorial conception of cooperatives makes them a social reference inseparable from the rest of rural society, which means that any innovation carried out in them is seen

as a social innovation. From this perspective, the cooperative becomes an agent of transformation of the territory (Kim & Lim, 2017).

However, beyond the high number, size, industrial capacity or great potential that cooperatives treasure for rural development (Alonso & Bautista, 2012; Montero Aparicio, 2008; Puentes & Velasco, 2009), dynamism and innovation are not precisely the most distinctive signs of these social economy enterprises in rural areas (Fernandes et al., 2017). For social innovation processes to appear, the position of leading innovators is decisive.

4. Conclusions

Co-operatives underpin territorial resilience and buffer against critical situations, but at the same time they are inflexible structures that perform well below their true potential. Hence, social innovation processes are necessary to stimulate changes that will make them better compete in the markets.

This article has explained that when social innovation initiatives are carried out from a bottom-up perspective, they can help local farmers adapt to the markets and contribute to improving their living conditions, maintaining the rural environment with productive and social activity, and thus preventing depopulation processes in rural areas. In order to make the most of the synergies, public support would be advisable to boost the innovative co-operatives, in order to reinforce and widespread the incipient and emerging processes of social innovation.