

Power and Proximity in short food supply chains –

How economic governance shapes regional-typical food production

Drawing from the global debate on Global Value Chains (GVC) and Global Production Networks (GPN), the present doctoral project examines how governance mechanisms and spatial distance affect the economic dynamics of value chains of regional typical food products. Using a mixed-method approach, the principal aim is to examine the flows of value creation (value chain analysis, VCA) in short food supply chains (SFSC) and to expand this by analysing the economic networks of the respective sectors. Combining these approaches, the thesis aims to identify the mechanisms, which shape and influence the economic dynamics of orchard product and bread production in Bavarian regions.

Local food systems have recently received rising interest due to their potential of securing sustainable and transparent consumption, and recently food sovereignty. Conceptually, SFSC highlight the potential of spatial proximity [1]. Indeed, case studies showed how proximity can promote economic dynamics and competitiveness in land use but highlighted the need of additional analysis of personal/ economic relationships [2]. While governance patterns have not been conceptualised within SFSC, ReProLa case studies suggest power asymmetries and, thus the need to analyse governance pattern along SFSC.

Meanwhile, governance was conceptualised extensively in global production processes and value creation. Economists' GVC framework targets inter-firm relationships focussing on how lead firms use their power in internalisation/ externalisation strategies, and derive detailed typologies of governance [3–5]. By contrast, economic geographers' GPN framework has a sector-based perspective on networks of firm and non-firm stakeholders, and ensuing spatial (a)symmetries [6–8]. Although some GVC/ GPN approaches target the local scale, it is largely referred to as cluster within global processes [9]. Therefore, they focus on adaptive strategies (upgrading) and strategic coupling [10, 11], or embeddedness [12].

Against this background, the thesis analyses processes of value creation of regional typical food by adjusting the GPN framework for a local comparative case study design. While the focus of the thesis is on operationalising *power*, the additional consideration of *proximity* strengthens the spatial component of the network. Hence, the analysis combines governance and spatial variables to understand local potentials of value creation to provide answers for the following central research question:

How is power organised spatially in SFSC and how do these governance patterns affect the respective economic dynamics of food production in peripheral regions?

Conceptually, the main question is *which governance mechanisms shape value creation at the local level and how can they be conceptualised?* Second, *how does proximity shape these governance patterns as opposed to the acknowledged global scale concepts?* Finally, *how can SFSC governance knowledge used to strengthen the local perspective within the GVC/ GPN debate?*

Furthermore, the thesis aims to derive practical implications for the specific case studies, and thus raises the question *which lessons can small economic operators learn for the value creation within these particular SFSC?*

The analysis bases on a comparative case study design. The cases of analysis are orchard fruit (Franconian Switzerland) and rye bread (district Wunsiedel). Both products are of *high regional and cultural relevance*, but face *declining economic trends* in terms of income stability and involved operators. Next, a *high degree of stakeholder organisation* in both contexts achieved a political concern to promote the future of these sectors. However, they bear some differences such as the *complexity of the value chain*. Additionally, as regards the *economic market relevance*, orchard fruit products are rather niche products (with mainly indirect economic effects) whereas bread as an everyday product generates higher overall returns. Second, the *decline* of orchard products is due to a steady loss of agricultural area while in the case of bread the economic decline mainly happens at the manufacturing stage.

The analysis bases on a mixed methods approach, using official statistics, sector reports and extensive sets of primary data (interviews, online surveys). First, VCA targets value creation by a top-down perspective, by regionalising data of value creation approximately to the district level. Previously our value chain mapping approach mainly addressed the spatial dimension in terms of intra and extra regional flows. Building on this, some adaptations push the limits of VCA mapping, a) considering firms responsible for indirect economic effects (e.g. logistics) supports the network perspective of the GPN framework and b) refraining from ex ante definitions of the respective region in SFSC. Complementary, a firm-specific network analysis is the basis to operationalise power and proximity bottom-up. Both approaches merge at the sector-level to summarise on the role of governance and distance in SFSC economic development.

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