The Effects of Cloud Approach in Short Chain Administration

Francesco Contò, Department of Economics, University of Foggia, Foggia, Italy
Nicola Faccilongo, Department of Economics, University of Foggia, Foggia, Italy
Piermichele La Sala, Department of Economics, University of Foggia, Foggia, Italy

ABSTRACT

This work aims at analyzing the characteristics of supply chain, focusing in particular on the short chain. Further, it highlights the weaknesses and strengths of this form of business organization and industry. This analysis will proceed by explaining the new forms of management of the organization by means of the latest IT innovations focusing on the “cloud” and the role that they can play in improving processes and market information. It will also highlight how the use of these technologies can reduce the organizational gap as strategically illustrated in the first part and how they can help in improving the effectiveness and efficiency of the supply chain processes that are already positive.

Keywords: Agriculture, Cloud, IT Innovation, Short Chain

1. INTRODUCTION

Direct sale from the farms is now almost 3% of the food of Italian families. Direct sales in agro-food business can be considered as well as a part of the wider concept of alternative food networks (AFN) to indicate the alternative sales to common ones (Adams, 2002). The shortest distance between production and consumption, the small size of companies’ production volumes, the existence of points of sale such as cooperatives, farmers’ markets and community supported agriculture are the main issues (Aguglia, 2009). Direct sales improves exchange of information and decision-making autonomy, and it allows farmers to respond to customer feedback (Hunt, 2007). It is however difficult to precisely define the characteristics of supply and demand in this channel. This difficulty is mainly due to a lack of statistical information regarding this market (Cicatiello et al., 2013). A first analysis of the characteristics of supply and demand along the short chain was tempted by the “Consortium for Research and Socioeconomic Environment” in a study commissioned by the Ministry of Agriculture. Agri-products production and distribution systems are becoming more and more interdependent, integrated, and globalized (Wang, 2014).

This work is a theoretical paper aimed at exploring a possible theoretical approach to the use of information technology and in particular cloud technology for sharpening the performance of short chain by improving the efficiency of its business processes.

DOI: 10.4018/ijaeis.2015010102
In this work we describe the possible effects of using IT technologies applied to forms of sales of agricultural products that is different from traditional industries. No previous empirical studies have specifically considered and analysed this field. This is a working paper: further steps are related to collect empirical data on the practical application of these insights. Besides the empirical limits, that are those typical of explorative research papers, this paper has the merit to provide some insights about the effects of cloud approach in short chain administration. In order to define and outline the main characteristics of short chain, you should first try to determine who are the subjects of the offer within this market and what are the factors that drive consumers to move towards this particular type of sale. As regards the farms, there is no doubt that they have interest to increase their independence from market organizations because the latter limit the percentage of added value that remains to the farmer. Also, we have to consider that in this controversial and difficult economic period, in which there has been a decrease in consumption, in food consumption too, and where we see the consumer demand and the offer to the first stage of agricultural production through a downturn, we try to find some alternatives to the traditional commercial solutions. Among the various possibilities available to companies, there is a research for alternative outlets. These outlets aim at reducing the increase in prices all long the supply chain and reduce the imbalances in trade relations. Moreover, the farmer is guaranteed the control of information throughout the path. The latter problem becomes important especially for the South of Italy. The south of Italy exports agricultural products food and no food and it doesn’t sell all its domestic food production to consumption. This problem has an extent when imbalances in bargaining power and information asymmetries between individual small farmers and large enterprises (often multinational) and buyers-importers of agricultural products occur, providing technical resources for agriculture. The short chain can therefore offer a number of opportunities to the farmer, opportunities on which at the time of the debate, already existing for several years, has been boosted by the so-called “short” or “short-circuit”. This debate is particularly topical in Italy, given that the legislation promoting the activation of short chain has recently issued: it refers to the DM November 20, 2007 (GU n301/2007), implementing Article 1, paragraph 1065, of 27 December 2006, n. 296, in force since January 2008, the markets reserved to the exercise of direct sales by farmers. This mode of marketing, the advantages of which have been repeatedly highlighted by the Italian and foreign literature and agricultural organizations, is an alternative to the “long-chain” of which you speak about the “increase of logistics and globalization of flows” (Del Vecchio, 2018).

The advantages of short chain (Bullock et al., 2000; Hilchey et al., 2007) are essentially the sustainability of this mode of sale by the different points of view:

- **Economic Benefits:** Through direct sales prices of food are more content for consumers and more profitable for producers that intercept a greater share of added value;
- **Environmental Benefits:** Through a reduction in energy consumption for packaging and transportation there is less impact on the environment that combines among other things, at least in theory though not in practice (Franco, 2007) to organic production;
- **Social Benefits:** The farmer owns the direct control of the price. In this way, they would be able to establish a relationship of trust and exchange of information without intermediaries. This relationship would be established between producers and consumers that would induce circuits and cumulative effects of rural development in marginal areas.

It must also be considered that the general increase in prices, including food production, creates discomfort to consumers, especially among the most vulnerable of income going to affect the spending of food. At the same
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