A Qualitative Analysis of Innovation Adoption in the Olive Oil Extraction Process

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ABSTRACT

Pressures on the Italian olive oil sector have increased over the past few years due to seasons of bad weather, small innovation capacity and limited long-term investment plans. Thus, it is of interest to explore signs of positive attitude towards innovation investment in the agricultural sector. The focus has been on technologies employed in the extraction process, since yield and quality of olive oil are mostly affected by this stage. To define the determinants of innovation adoption, 13 managers were interviewed. Questions covered organisation factors, personal factors, social factors, the impact of the olive oil value chain and the cost of the extraction machinery. The results of the thematic analysis showed that determinants of innovation adoption were: perceived usefulness, personal innovativeness, prior experience, influence of peers, training and managerial support, and the relative importance of quality, while major challenges are the lack of financial funds, demand pressure from customers, and lack of early warning systems to tackle bad weather conditions.

KEYWORDS

Determinants, Innovation Adoption, Italy, Lazio Region, Olive Oil Extraction
1. INTRODUCTION

Olive growing represents a major feature of the socio-cultural heritage of the Mediterranean basin (European Commission, 2012), where olive oil extraction has been a major source of income and employment for centuries (Orlandi et al., 2017). This area accounts for more than 90% of the global production, which is equivalent to nearly 2.33 million tonnes of olive oil (Niavis et al., 2018) and represents the region where the main producers are located (FAOSTAT, 2015). Spain is currently the biggest producer in the world with 1,090.5 million tonnes of extracted olive oil, while Italy and Greece are respectively the second and third most important producers with approximately 320,000 and 300,000 tonnes of olive oil (International Olive Oil Council, 2018). In addition to being one of the largest producers worldwide, exporting approximately 40% of its production, Italy is the biggest importer of extra-virgin olive, accounting for 78% of European imports (Sabbatini, Gadanakis, and Areal, 2016), as it is also the biggest consumer in the world (International Olive Oil Council, 2015). Moreover, Italy has the greatest diversity of olives and the highest land productivity in the world, making its production large and unique (European Commission, 2012). However, despite the satisfactory 2017/2018 crop season, agricultural production performance in Italy has been very volatile in the last five years, with poor harvests following abundant ones (International Olive Oil Council, 2018). Indeed, it has been common to experience harsh weather, either too hot or cold for Italian standards, or episodes of olive fruit fly attacks, negatively affecting the total production (USDA, 2017). Furthermore, prices have also been influenced by the closure of olive farms, which caused an inflationary pressure in the olive oil sector (Zecca and Rastorgueva, 2014). Another crucial aspect emerged from a recent analysis of the most important Italian agri-food exports, which showed that competition in international markets for Italian olive oil is growing, and it is increasingly relying on its high quality and sensory characteristics (Carbone et al., 2015). Moreover, levels of consumption and production globally are soaring, particularly in new markets outside Europe, such as Argentina and California, which possess favourable climatic condition for the cultivation of olives (Monteleone and Langstaff, 2013). Thus, in order to meet these challenges and maintain their competitive advantage, Italian olive oil producers are compelled to adopt innovation practices that cut down inefficiencies and increase quality, through time-saving and yield-boosting systems. In particular, emphasis is given to the extraction process, as this is the stage of production which has the highest impact on quality and yield of olive oil (Chiavaro, 2014). Hence, the main objective is to understand the determinants of innovation adoption in the olive oil extraction process. Specifically, the main aim is to analyse factors developing innovation capacity within refineries, while considering potential barriers to the uptake. However, innovation is a process that occurs at various levels in an organisation. Thus, it is appropriate to provide a definition that serves the aims and objectives of the current study. Hence, according to Baregheh, Rowley, and Sambrook (p. 1334, 2009) innovation can be defined as the: “the multi-stage process whereby organizations transform ideas into new/improved
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