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A contemporary concept of the value(s)-added food and agriculture sector and rural development

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ABSTRACT
The changing structure of agriculture strains the historically close relationship between commodity agriculture and rural development. Meanwhile, growth in consumer interest for differentiated, value-added products has the potential to create community economic development opportunities. However, the evidence regarding the benefit of value-added programs for broader community wealth is mixed. We argue that the mixed findings result, in part, from differences in how “value-added” is defined. Value-added agriculture has been conceptualized in many ways. Taking a US-focused approach, we first review four main concepts: value-added, short food supply chain, values-based supply chain, and civic agriculture. Building on these, we present our definition of a value(s)-added food and agriculture sector, incorporating three features: (1) Consumers make purchases that simultaneously provide utility and enable a price premium; (2) the shared principles among firms and their relational arrangement support the distribution of the value, and thus the premium, across the chain and between owners and employees (the use of “principles” or “values” prompts the “(s)” in our definition); and (3) supply chain actors have a demonstrated commitment to the community. We discuss how this definition contributes to debates in, and has implications for, community economic development policy.

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Introduction
Historically, a close relationship exists between commodity agriculture and rural development. However, concentration and consolidation in the food and agriculture sectors and the resulting impacts on rural community structure have strained this relationship over the last 40 years (Hendrickson, Howard, & Constance, 2017; Lobao, 1990). Growth of consumer interest in value-added, differentiated products and consumers’ willingness to shop at more diverse locations continue to serve as building blocks that create new opportunities for the next generation of agriculture and regional community economic development (Low et al., 2015; Thilmany McFadden et al., 2016). Figure 1 illustrates...
evidence of these practices across the country, showing the percent of farms that engage in direct or intermediated sales of products (e.g., to restaurants or retailers). Responding to the potential of these trends, a 2011 special issue of the Journal of Agriculture, Food Systems, and Community Development outlines opportunities for multi-farm “mid-scale food value chains” in developing a “third tier” in the food system, distinct from direct to local consumers and global supply chain sales (Stevenson et al., 2011). Interest in these markets has increased further due to COVID-19 as consumers turn to direct purchasing options as alternatives to closed restaurants and under-stocked grocery stores, a shift that seem likely to remain even after the pandemic recedes (Worstell, 2020).

In response to these trends, a wide range of individuals, groups, and institutions have advanced the notion of value-added agriculture, and related concepts, as a mechanism for rural development that create new markets and strategic linkages with processors, distributors, and retailers. Indeed, there has been consistent growth of United States (US) federal and state policy aimed at facilitating and supporting these opportunities for the past four decades (Clark & Jablonski, 2018; Kilkenney & Schluter, 2001). Today, every state supports value-added agriculture in some way, with state branding programs and loans or other financial incentives to businesses that process agricultural products being among the most common (Kilkenney & Schluter, 2001; Naasz, Jablonski, & Thilmany, 2018). At the federal level, the 2000 Farm Bill launched the Value-Added Producer Grant (VAPG) program and the 2018 Farm Bill established mandatory funding support for the VAPG (Clark & Jablonski, 2018).

Previous research on the impacts of such development has focused on supply chains threatened by the forces of “scale efficiency” and “concentration and consolidation” (Howard, 2016). Others have found that farmer participation in the VAPG program
contributes to greater firm survival and job creation (Rupasingha, Pender, & Wiggins, 2018). However, analyses of the impact of value-added food and agricultural projects on overall community wealth yields mixed results (Clark & Record, 2017; Cowan, 2002; Diamond et al., 2014; Jablonski, Schmit, Minner, & Kay, 2016; Rupasingha, 2009; Schmit, Jablonski, Minner, Kay, & Christensen, 2017; Stevenson et al., 2011; Tolbert, Lyson, & Irwin, 1998). We argue that mixed findings result, in part, from differing definitions of the term “value-added.”

Taking a US-focused approach, the objective of this article is to articulate a comprehensive definition of the value(s)-added food and agriculture sector that considers wealth creation. For “wealth,” we follow the definition of Pender, Marre, and Reeder (2012) to mean the “stock of all assets that can contribute to well-being” (pg. 5). Assets may be social, natural, financial, built, political, human, and/or cultural in nature. We reflect on the different ways in which agricultural economists, rural sociologists, and geographers have conceptualized the term and how these varying definitions might have implications for place-based community wealth. This reflection builds toward our proposal of a new definition for the value(s)-added food and agriculture sector as (1) a portfolio of food and agricultural businesses that have a demonstrated commitment to the community, (2) with business arrangements and shared principles that facilitate the fair distribution of price premiums to both owners and employees, (3) which is derived from changing consumer preferences for products that embody environmental, social, or quality attributes that are not explicitly present in conventional agricultural commodities. After introducing this definition, we discuss how it contributes to debates in rural and food system development and identify notable case examples that illustrate the application of a value(s)-added development approach. Finally, we outline implications for community economic development policy and policymakers. We conclude by identifying sticky questions and issues that our conceptualization raises for community economic development.

Importantly, our definition recognizes the need to reflect on the term “value” itself and how the different uses and definitions of the term are modified and employed to communicate a framework for categorizing a whole system of production, distribution, and relationships between farmers, supply chain partners, retailers, restaurants, and eaters. We argue that a broader transformation of the food and agricultural system requires us to more formally engage with our values (DeLind, 2011), an argument echoed by two special issues of the Journal of Agriculture, Food Systems, and Community Development on “More Than Value$ in the Food System” (Tobin, Belarmino, & Kolodinsky, 2020) and “Mid-Scale Food Value Chains” (Stevenson et al., 2011). The word “value” is complex and takes on different meanings, depending on whether it is used as a noun, verb, or adjective; this fluidity is directly expressed in the way it is used in community economic development. For example, as a noun, “value” can be defined as the “material or monetary worth of something” (Lexico, 2020). It can also mean “a person’s principles or standards of behavior; one’s judgment of what is important in life” (Lexico, 2020). The underlying assumptions in how the term “value” is used reflect an individual’s epistemological worldview and discipline, which in turn shapes how people structure their own approach to building, engaging, framing, and researching value-added agriculture.

This attention to values is particularly important in light of ongoing demonstrations for racial justice. Movements demonstrations such as the Food Chain Workers Alliance, Immokalee Farm Workers, and Black Lives Matter draw society’s attention to what and
who is valued and what values do or should guide our social, political, legal, and economic systems. As we write this article, the COVID-19 pandemic has disproportionately impacted people of color who make up the majority of essential workers in the food and agriculture sector as farmworkers, food processing workers, and food retail and food service workers. This disproportionate impact re-emphasizes the need to address issues of not only fairness, but social equity in the food system. These values are encapsulated within the “(s)” of “value(s).” It is appropriate in this context that we recognize and wrestle with the complexity and nuance of the word “value” as it is applied to community economic development.

Our contributions are threefold. First, we integrate the literature on value-added agriculture and rural wealth creation (rather than simply economic development) from several disciplines. Second, we take a place-based perspective that focuses on the key concepts behind rural wealth creation rather than how concepts are operationalized (e.g., a focus on local). Third, we introduce the minor but meaningful reorientation of the term “value-added” to “value(s)-added” in order to capture normative facets of food and agriculture development linked to both community wealth and the supply chain itself.

**Defining the value(s)-added food and agriculture sector**

We begin by reviewing concepts of value-added agriculture, short food supply chains, short supply chains, values-based supply chains, and civic agriculture, drawing on the disciplines of agricultural economics, rural sociology, and geography to take a broad, interdisciplinary view of the topic. One set of definitions focuses on product qualities and their transformation, another set emphasizes how supply chain partners get more of the price premium (both the distribution of that premium and the mechanism by which they obtain it), and a further set emphasizes the relationship of supply chain partners to the community. These differences also indicate that the motivations for promoting and participating in value-added agriculture vary, as do the viewpoints, assumptions, goals, values, and objectives of the individuals and groups engaged in this work. Table 1 summarizes each concept, including seminal citations, definition(s), key features, conceptualizations of “value,” and the mechanisms by which value is added.

We emphasize characteristics that are based in supply chain relationships, as well as the role of shared beliefs and values that motivate and sustain these relationships that are transmitted through these relationships. On this basis, we introduce a reorientation of the term “value-added” to “value(s)-added” in order to capture the facets of food and agriculture development linked to community wealth.³

Historically, value-added involved considered food manufacturing, or simply changing the state of raw food materials. In one of the first publications articulating the role of value-added agriculture in economic development, economists Kilkenny and Schluter (2001) focused on processors and the income returned “to the people who work, own, or invest in the industries. That income is the value-added originating in farming and in agricultural handling and processing sectors” (p. 12). According to the authors, development in this area of the supply chain benefits farmers because they will experience reduced transportation costs when processing is closer and more facilities create greater competition between buyers of farm products. Agricultural manufacturing remains an
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important economic driver in many rural areas, particularly as processing for products such as meat and dairy remains close to the source and manufacturing jobs have higher wages and create more jobs relative to the agricultural sector (Thimany, Jablonski, & Graff, 2017). In other words, the processing of raw agricultural products is historically the first place in the supply chain where value is added. The expected outcome is to expand production to meet consumer demand, thereby capturing consumers’ willingness to pay for higher quality, shelf-stable, or convenience items.

With regard to economic development in rural areas, Kilkenny and Schluter (2001) emphasize targeting programs to small manufacturing businesses, without much elaboration, because they are more likely to be locally owned, leading to greater returns to the local economy. Further, they state that smaller, locally owned businesses are important for rural employment because they help “countrivial market power on the nonfarm industry side” (Kilkenny & Schluter, 2001, p. 14). Additionally, concentration and consolidation in the food and agriculture sector are most prominent in the processing sector (especially for meat). In the event of a regional, national, or global food system disruption such as the COVID-19 pandemic, the presence of a larger number of smaller, locally owned producers and processors can provide more redundancy, flexibility, and employment opportunities.

The concept of value-added has changed over time. Perhaps this is best illustrated by the evolving definition that the US Department of Agriculture (USDA) provides in its VAPG program. When the VAPG was authorized in 2000, the USDA definition focused on products that had changed physical state or could bring value by physical segregation (e.g., via identity or traceability of a quality). In 2002, the USDA expanded its definition of value-added by recognizing that value could be added as an inherent characteristic of the product via production methods (e.g., grass-fed beef or organic product). In 2008, the USDA further expanded the definition by recognizing that value could be added simply by incorporating identifiers, or pieces of information, that distinguish a raw agricultural product from a raw commodity. The 2008 Farm Bill also set aside funding for projects that included mid-tier value chains as business arrangements facilitating value-added and committing to equitable distribution of profits (e.g., food hubs). We elaborate this concept, and its relationship to rural economic development, below.

The VAPG program currently defines a value-added agricultural product as an agricultural commodity that meets at least one of the following five criteria: (i) has undergone a change in physical state (e.g., processing berries into jam, meat into sausage, wheat into flour, or corn into ethanol); (ii) was produced in a manner that enhances its value (e.g., organic production); (iii) is physically segregated in a manner that enhances its value (e.g., an identity preservation system for a particular variety of grain or traceability of hormone-free livestock); (iv) is a source of farm- or ranch-based renewable energy (e.g., converting methane from animal waste to generate energy); or (v) is aggregated and marketed as a locally produced food product. The program also requires that these activities expand the customer base for the commodity and increase producers’ share of the revenue from the commodity (Rupasingha et al., 2018, p. 3).

This definition both captures value down the supply chain and enhances the intrinsic value of the product (Lu & Dudensing, 2015).

Lu and Dudensing (2015) contribution to the conversation on value-added and economic development focuses on establishing economic connections between farm
production, evolving consumer preferences, and economic development strategies. They argued that a framework is needed to determine the viability of value-added projects and the potential of meeting the USDA’s VAPG program goals. To address this need, they developed a broader definition that builds on the USDA definition and incorporates ways to understand how value-added tactics can respond to evolving consumer interests and technology. They suggest that

value-added agriculture is a portfolio of agricultural practices that enable farmers to align with consumer preferences for agricultural or food products with form, space, time, identity, and quality characteristics that are not present in conventionally-produced raw agricultural commodities. Value-added agriculture can be characterized by farmers changing their position on the supply chain, creating closer or direct linkages between themselves and consumers, or changing production processes to alter or preserve certain intrinsic characteristics of their farm/ranch products (Lu & Dudensing, 2015, p. 4).

This definition underscores that product value stems from consumers’ preferences, and thus willingness to pay, which emphasizes the importance of values expressed via supply chain relationships, including transparency.

Disciplines such as rural sociology and geography offer value-added definitions that further emphasize the importance of dynamic supply chain relationships in economic development while adding a focus on community development. Renting, Marsden, and Banks (2003) introduced the concept of short food supply chains (SFSC) to describe opportunities for rural development through consumer-producer relationships while more directly infusing the definition with values, as SFSC relates to mutual support through social relationships and community, “short-circuiting” long, anonymous supply chains. They create producer and consumer connections that are “shortened” and redefined by giving clear signals on the provenance and quality attributes of food and by constructing transparent chains in which products reach the consumer with a significant degree of value-laden information” (p. 398). These supply chain relationships include direct producer-to-consumer relationships, or intermediated relationships, but are not necessarily part of locally or regionally based food systems. Instead, the concept suggests that shortened supply chains based on embedded product characteristics can exist over long distances (e.g., Champagne carries its place-based characteristics over long distances). In other words, a product does not need to be spatially proximate to be relationally or culturally meaningful to the consumer. SFSC articulates alternative food networks via alternative marketing channels, changing relationships, and transmitting certain qualities, such as regional, artisanal, ecological, or natural characteristics. This shortened supply-chain approach echoes the producer-consumer emphasis of Lu and Dudensing (2015).

In contrast to the SFSC focus on the value of the product and the quality characteristics embedded in that product driving the engagement of producers and consumers, the concept of values-based food supply chains places emphasis on the shared set of values of all supply chain actors that increase competitiveness (and value). In this way, a distinction is made between the role of “value” and “values”; USDA Agricultural Marketing Service uses the shorthand “food values chains” (Diamond et al., 2014). Building from the national Ag of the Middle research that is focused on midsize farm viability, academics and practitioners started working together in 2003 and introduced
the concept of values-based food supply chains as strategic alliances among midsize farms, ranches, and other agrifood businesses that “(a) handle significant volumes of high-quality, differentiated food products, (b) operate effectively at multi-state, regional levels, and (c) distribute profits equitably among the strategic partners” (Stevenson, Clancy, Kirschenmann, & Ruhf, 2014). The key premise is the equitable distribution of profits among partners (e.g. Rahe & Hause, 2020), which can be distinguished from the traditional value-added definition, where all of the value could be added (and premium retained) by one firm or segment of the supply chain. This value characteristic gained national traction and was introduced in the federal VAPG application process as a result of the 2008 Farm Bill, providing funding set-asides and priority in ranking. This shows the continuing evolution of the term “value”, which now includes not only efficiency and profitability but also sustainability and a commitment to one another and to the collaboration that enables supply chain flexibility (Bloom & Hinrichs, 2010; Diamond et al., 2014). Shared values include farm viability, investing in local economies, and demonstrating such environmental stewardship and operational values as transparency and long-term commitment (Diamond et al., 2014). These benefits extend beyond supply chain actors. For example, as farmers retain a greater share of the food dollar, there is a demonstrated greater potential for dollars to be spent with local independent suppliers, resulting in a greater economic impact (Diamond et al., 2014; Stevenson et al., 2011).

SFSCs and food value chains both entail stronger local linkages because of a shared emphasis on relationships that engender benefits to communities via greater economic returns and circulation of local dollars in locally owned businesses (Thilmany McFadden et al., 2016). Commitment to community is a key feature connecting value-added agriculture and rural community economic development. The work conducted by Tolbert et al. (1998) on local capitalism, and related work by Lyson (2004) applying local capitalism to agriculture, or civic agriculture, provides a good basis for exploring this commitment.

Local capitalism is production and capital rooted in place via socially embedded economic relationships (Tolbert et al., 1998). Networks of locally owned small and midsize firms are embedded in the community, sharing a fate. Therefore, profit motivations are filtered through community-oriented values. Although local capitalism is not expected to become the dominant system, it is an alternative paradigm that addresses the shortcomings of the global, neoclassically oriented system (Lyson, 2004). Local capitalism is a long-studied phenomenon, particularly at the farm level (Carolan, 2016; Clark & Record, 2017; Goldschmidt, 1978). Some recent findings include the work of Fleming and Goetz (2011), who found that per capita income growth was greater in places with small (1–99 employees), locally owned businesses for all firm types. Similarly, Rupasingha (2013) found evidence that local entrepreneurship and smaller businesses matter for local economic performance, namely through increased county per capita income growth and employment growth and decreases in poverty.

Lyson (2004) extended his thinking on local capitalism to civic agriculture, which is an example of how values embedded in a system can provide value or beneficial outcomes beyond local economic returns. It is “a locally organized system of agricultural and food production networks, bound by place and tightly linked to a community’s social and economic development, that together are part of a community’s problem solving capacity” (p. 63). On the ground, civic agriculture appears to be much like the types of practices associated with many other value-added concepts, such as farmers markets, CSAs, locally
owned restaurants and grocery stores, and cooperatives. We contend that focusing only on local ownership, as local capitalism does, or on localized systems, as civic agriculture does, does not fully encompass the ways in which firms can have a demonstrated commitment to community that contributes to rural wealth creation. Other commitments to people and place that have been shown to produce wealth can be attained through firm structure (e.g., B-Corporations, worker-owned businesses) and/or by firm practices (e.g., socially responsible investing, democracy in the workplace, profit sharing, and servant leadership models) (Dubb, 2016). This is why we offer a revised definition that recognizes the role of commitment to community but does not specify how it is operationalized.

Building from this literature, our objective is to conceptualize value-added agriculture with community wealth creation at its center, unifying the disparate foci of past approaches into a single coherent definition. We emphasize three key features of value(s)-added. First, consumers make purchases that simultaneously provide utility and enable a price premium. Second, the shared principles among firms, and their relational arrangements, support the distribution of the value, and thus the premium, across the supply chain (the use of “principles” or “values” prompts the “(s)” in our definition). Third, supply chain actors have a demonstrated commitment to the community (e.g., via local ownership). As such, a value(s)-added food and agriculture sector is a portfolio of food and agricultural businesses that (1) have a demonstrated commitment to the community, (2) have businesses arrangements and shared principles that facilitate the fair distribution of the price premium among owners and employees, and (3) is derived from changing consumer preferences for products that embody environmental, social, or quality attributes that are not explicitly present in conventional agricultural commodities.

The use of “value(s)” here is intentional. Goods bought and sold in the market represent not only financial value but also myriad nonfinancial values that motivate buyers and sellers to interact (e.g., shared concern for environmental stewardship or social justice, a desire to support farmers and small/local businesses, etc.). Rather than being incidental, our definition recognizes those nonfinancial values as instrumental in connecting supply chain actors with similar values who benefit from the communication of those values throughout the supply chain. Similar to the definition of values-based food supply chains (or food value chains), inherent in this sector is a transparent, collaborative, or cooperative approach that uses democratic principles to ensure that value is shared equitably and transmitted throughout the food supply chain. This approach, with its demonstrated commitment to the community, is how both the supply chain actors and the communities within which they and their businesses reside benefit from value(s)-added development.

The basic notion that raw agriculture and food products are transformed and that value is captured or their intrinsic value is increased to meet consumer demand (Lu & Dudensing, 2015) remains at the foundation of the definition. Nonetheless, this minor but meaningful reorientation toward value(s)-added agriculture has implications for rural community wealth creation and development policy and policymakers, which we outline in following section.
Implications for rural community wealth creation and development policy

Our revised definition of the value(s)-added food and agriculture sector has implications for two major debates within the rural development literature broadly and two additional major debates in the literature on food system-based development specifically. The first debate in the rural development literature is over whether or not food and agriculture should be considered part of a rural wealth creation portfolio, versus a focus on non-primary production sectors, such as manufacturing or services (e.g. Effland, 2000; Partridge, Olfert, & Ali, 2009). The second debate concerns whether rural wealth creation should focus on how wealth is created within a community (endogenous development) or how wealth is brought into a community and/or spurred by factors from outside a community (exogenous development) (For a review, see Goetz, Deller, & Harris, 2009).

In the food system literature, the first debate is over whether the scale of a food system should be a factor in determining what is best for community-level outcomes. Some scholars argue for local and regional food systems, but others point out that scale does not reflect any inherent values and that values can be transmitted across long distances (Born & Purcell, 2006; Ilbery & Maye, 2005). The other debate is over whether alternative systems to the global food system need to be built to realize values, or if hybrid or conventional systems can transmit values or be values-based (Bloom & Hinrichs, 2010; Clark & Inwood, 2015; DeLind, 2011; Ilbery & Maye, 2005). The following section connects our definition, particularly the key elements of a values and place-based approach, to these debates.

Most importantly, our proposed definition extends beyond the consideration of financial value alone by incorporating multiple value(s) into how value-added food and agriculture is usually conceived. This builds on a long-standing realization that food system-based development can produce myriad beneficial outcomes, including greater social capital (Wells, Gradwell, & Yoder, 1999) by explicitly connecting to values-based commitments that others share (Connolly, Martin, & Wall, 2008; Phillips, 2016) and cultural capital (Schmit et al., 2017) by creating mechanisms for feedback and communication as a means of fostering the iterative process of cultural development. Dixon (2010) called such multi-value markets “multivariant capitalism,” where actors advance diverse values along with profit, rather than focusing on them as means to maximize profit. For this reason, Green and Phillips (2013) explicitly called for sustained attention to the values that undergird food system-based community development lest they decay into mere “fetishization” of local for the sake of profit. Our definition conceptualizes value(s)-added agriculture as more than a means of augmenting and transmitting financial value. It is also a system of communication and conveyance for nonfinancial value(s) that motivate buyers and sellers to interact. In this view, value(s)-added products represent and communicate myriad other values that include financial gains but also connect buyers and sellers and promote environmental stewardship, social equity, small business support, and more.

Good Earth Farms offers an emblematic example of how value(s) added development communicates and transmits multiple forms of value through its supply chain. Evolving from a single farm in Central Wisconsin to a small cooperative of five meat-producing farms – each producing a different type of meat – Good Earth Farms emphasizes environmental, economic and social sustainability. These values guide its production
methods, business practices, and partnerships. These values attract customers across the United States – both through online searches and word of mouth – who are conscious of environmental concerns, human health issues, and animal welfare. Drawing on these value(s)-based customer relationships, Good Earth Farms is able to ensure a 25 to 35% profit margin for each farmer and the cooperative, contributing to more economically sustainable and fairly compensated rural farms (Stevenson, 2013a).

Communicating values along the supply chain suggest the need for robust relational infrastructure. There is no shortcut to developing value(s)-based supply chain relationships. The value(s)-added definition draws attention to relational infrastructure development as a potential policy opportunity for community economic development. As an example, the 2018 Farm Bill created the Local Agriculture Market Program (LAMP), included funding for relational infrastructure development (National Sustainable Agriculture Coalition, 2019). This points to the increased understanding that interpersonal relationships among supply chain actors (e.g., between producers and consumers, producers and processors, etc.) are essential to communicating product value(s) throughout the supply chain (Alonso & O’Neill, 2011; Hultine, Cooperband, Curry, & Gasteyer, 2007; Stevenson & Pirog, 2008) and supporting effective community development (Aigner, Flora, Tirmizi, & Wilcox, 1999; Wells & Tanner, 1994). Moreover, strengthening relationships and connections provides a means of improving overall community well-being by developing relational assets (Cloutier, Ehlenz, & Afinowich, 2019).

In addition to commitment to supply chain actors, our definition emphasizes commitment to community (e.g., local ownership). As such, community economic development strategies are more likely to rely on endogenous self-development, rather than industrial recruitment. The former relies on local entrepreneurialism, the seven community assets/capitals for building wealth, and community social infrastructure (Brasier et al., 2007; Fortunato, 2014; Glowacki-Dudka, Murray, & Isaacs, 2012; Jennings, 2002; Sharp, Agnitsch, Ryan, & Flora, 2002), and deep connection to place (Eversole, Barraket, & Luke, 2013; Lyson, 2004), while the latter relies on attracting investors from outside of a community.

An asset-based conceptualization of rural development contrasts with the conventional vision of development of rural places as merely lacking economic opportunity (Ching & Creed, 1997; Krugman, 2019). Indeed, the induced innovation model of agricultural development argues that technologies for particular industrial sectors are developed endogenously in different places (Hayami & Ruttan, 1971), reflecting local factor endowments or asset-based community development. This also holds true for agriculture and food value(s) chains (Deller & Goetz, 2009). To build on and lift up rural assets, endogenous development relies on a community’s civic capacity to engage in this type of development, such as existence of active place-based community groups, local businesses that support projects, and community-wide fund-raising capacity (Sharp et al., 2002). It is likely that a community must mobilize social and political capital before it can plan, finance, and build needed local infrastructure (Emery & Flora, 2006; Sharp et al., 2002). This suggests that value(s)-added development may be spurred on by localities providing policies and incentives that increase social and political capacity by facilitating relationship-building across the local-owned supply chain and providing training to build capacity to engage community actors effectively (Clark & Inwood, 2015; Wells & Tanner, 1994). It also suggests that other supportive local actors need to be considered as part of value(s)-added development, including support services (e.g., Cooperative Extension) and locally owned financial institutions.
An example of an organization working to support value(s) chain relationships that contribute to a place is the Appalachian Center for Economic Networks (ACENet).\(^5\) Located in Athens, OH, ACENet provides supports networks and programs at each level of the food value chain within the Appalachian region of southeast Ohio. It emphasizes building relationships among each level of the supply chain, thus facilitating the development of value(s) chains through networks of local businesses and entrepreneurs. By pairing relationship building with incubator space and business development assistance, ACENet contributes to rural community economic development by fostering relationships among and growing the ability of rural entrepreneurs to develop locally owned and facing businesses. Rather than promoting exogenous development by drawing in outside companies, ACENet fosters endogenous development within this rural region by drawing on and strengthening its existing assets. Similarly, the USDA Agriculture Marketing Service (AMS) launched the Regional Food System Partnership (RFSP) Program in 2020, which supports regional approaches to developing food economies (National Sustainable Agriculture Coalition, 2020). Like ACENet, the RFSP program supports partnership projects as a means of building or strengthening the local and regional food economy.\(^6\)

The focus on local ownership, local relationships, and local resources is not to suggest that labeling a product as “local” or “regional” embodies the definition of value(s)-added food and agriculture. We do not confine values(s)-based relationships to these scales. Scale is not the construct of interest, but it becomes a proxy for the embeddedness of the relational qualities discussed with these concepts (Hinrichs, 2003). Marketing products as having a particular provenance or as “local” or “regional” are indeed opportunities to garner price premiums. However, as Renting et al. (2003) assert, supply chain relationships that are able to transmit values do not have to be spatially proximate to be relationally or culturally proximate. For example, products with identity or quality characteristics that capture a price premium, such as a particular place-based brand or soil-health attributes, can be sold regionally or globally through intermediated markets without losing the benefits of imbued values. Moreover, many rural areas may not have sufficient local market demand to sustain thriving value(s)-added supply chains on their own. Lack of scale-bias opens the door for value(s)-added agriculture to capitalize on export-oriented and/or locally-facing business clusters (Taylor & Miller, 2010).

Organic Valley is a strong example of a cooperative that is able to transmit value(s) through an international supply chain by clearly communicating the product standards and business practices to consumers. These standards and practices emphasize not only standards for how their organic milk is produced, but business practices that support small farms and businesses and emphasize fair distribution of profits. For example, ensuring stable prices that are above commodity prices for farmers is a central management objective of the company. It accomplishes this by managing production volumes collectively and only accepting new producer members when demand warrants it. These management practices ensure Organic Valley producers receive more stable income, even when demand for organic milk decreased in 2009 following the Great Recession, resulting in quicker recovery from economic downturns. Moreover, management decisions are guided by a seven-member board of directors who are elected by farmers in the cooperative, illustrating the application of democratic and collaborative values in the implementation of value(s)-added development. By turning these internal standards and practices into a brand identity, Organic Valley has been able to transmit
the associated value(s) to consumers who those similar value(s) throughout North America (Stevenson, 2013b).

Moreover, values can be transmitted via hybridized supply chains, such as alternative forms of food and agricultural practices “piggy-backing” on conventional infrastructure (Bloom & Hinrichs, 2010; Clark & Inwood, 2015; Ilbery & Maye, 2005). For example, the Annie’s brand (now owned by General Mills) has worked with several producers in Montana to create a line of products focused on contributing to soil health and regenerative agriculture. Commitment to testing this new line of branded products required recreating supply chain relationships that could more easily utilize and convey these agricultural product attributes. Further, hybrid chains may provide an opportunity to scale-up value(s)-added products to reach larger markets. Therefore, labeling something as an “alternative” is also a social construct and is not of interest in our definition, which does not dictate that products and actors adhere to an “alternative” agrifood paradigm that dictates an alternative food system.

Finally, the focus on values in the value(s)-added definition raises sticky questions and potential obstacles to food and agriculture economic development. While the goal of any economic development policy is to spur an increase in social welfare, which members of the community are included or excluded and what constitutes “fair” and equitable distribution of benefits is not a clear answer. To become more values-based means that actors must grapple with their own values of fairness (Hendrickson, James, Kendall, & Sanders, 2018) and how economic benefits are distributed across the supply chain. Fundamentally, though, issues of “fairness” and “equity” are not isolated to the food and agriculture system, rather they are symptomatic of, and embedded in larger structural issues inherent in the dominant economic system. While this paper argues for broadening the conceptualization of value(s)-added agriculture to include fairness and equity, significant structural and policy shifts (e.g. anti-trust legislation) are likely necessary in order for a broader vision for “value(s)-added” agriculture to be a transformational paradigm.

In the spirit of adding to the continuing evolution of the principles grounding value and value(s) added agriculture, we offer a short overview of the current conceptualizations of fairness and equity and their application to food and agriculture development. For example, Stone (1997) articulates at least nine different conceptualizations of fairness. Thus, rather than simply producing an objectively good social benefit, economic development policies invariably rest on subjective understandings of fair distribution (Sen, 1997). Values of fairness are frequently invoked within food and agriculture discussions, particularly when it comes relationships across the food supply chain, including “fair” marketplaces for farmers, treatment of workers, and prices for consumers (Saulters, Hendrickson, & Chaddad, 2018). In addition to fairness, the focus on values in the value(s)-added definition raises important questions about social equity between groups within any given sector in the food system and its role in community well-being (Sirgy, 2018). Where fairness focuses on relationships across the supply chain, “equity” refers to the “distribution of fairness” within groups or sectors in the supply chain and recognizes historical factors that shape that distribution (Guy & McCandless, 2012). Given its consideration of history, the question of what is “equitable” is similarly without a concise answer as it has multiple forms, manifestations, and root causes that are entwined in all aspects of our social, political, legal, and economic systems. In addition to values of fairness, there is a need to incorporate values of equity into value(s)-added development
by considering how value(s)-added development can contribute to equity and address historical inequities as part of community well-being.

Left unacknowledged, disagreements over subjective beliefs and potential trade-offs in policymaking can result in cracks in the social infrastructure needed for value(s)-added development (Glowacki-Dudka et al., 2012; Hale & Carolan, 2018). Therefore, community economic development needs to be attentive to distribution and trade-offs underlying values-based rationales, as well as potential areas of values conflict revolving around these rationales. We recommend that future research tackle these sticky questions by asking how to build rural wealth in complex marketplaces when actors have different values and, therefore, goals.

Conclusion

Tracing the concept of value-added agriculture over the past two decades, we build on this work to offer a much broader and more inclusive concept than past definitions. Our definition of value(s)-added food and agriculture sector includes three key features. First, consumers make purchases that simultaneously provide utility and enable a price premium. Second, the shared principles or values among firms, and their relational arrangements, support the distribution of the value, and thus the premium, across the supply chain. Third, supply chain actors have a demonstrated commitment to the community. Our articulation of this sector contributes to contemporary debates in rural development and food and agriculture development, specifically. We illustrate how our definition is tied to community wealth creation and, therefore, highlight the importance of making food and agriculture an explicit part of a rural development portfolio, rather than focusing on secondary or tertiary sectors alone. Further, we provide support for an endogenous approach to community economic development that builds on and lifts up rural assets tied to food and agriculture. Finally, by emphasizing values and a commitment to place, we dispel the notion that only local or regional supply chain development that is built via alternative food system infrastructure can be tied to values.

Our conceptualization of a value(s)-added food and agricultural sector raises important questions about the its development. Whose values are embedded in business relationships? Whose values are excluded? What is a “fair” distribution of price premiums? How are trade-offs in the sector negotiated? What assets are most critical in the development of this sector and at what points are they most impactful? These and myriad other questions require the attention of future research. We see our definition as not only a means of raising these important questions, but a framework for how to begin exploring the answers to them.

Notes

1. A publicly available and downloadable database of these practices, and others, by county is available at our project website: [removed for confidentiality reasons].
2. Whenever we use “community,” we are specifically referring a “place-based community,” reflecting the prevailing use of the term in the literature we reference.
3. An important note is that many of these definitions invoke terms such as “local” or “regional” when referring to supply chains. While referencing others’ work, we use the
terms they used in their definitions. In our own analysis, we use those terms interchangeably because the differences do not affect our proposed definition, although we recognize the important differences between local and regional food systems (e.g., Clancy & Ruhf, 2018).


5. For more information, see https://acenetworks.org.

6. For more information, see https://www.ams.usda.gov/services/grants/rfsp

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