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DESIGN CHALLENGES FOR INNOVATION MANAGEMENT ON AGRO-FOOD SECTOR

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Current status of research indicates that we assist to location-specific factor supremacy as determinants in regional attractiveness and sustainability being territorial driven, we offer strong arguments for policy makers in order to enable this long term strategy. We also address another issue heavily disputed between academics-that is the return to local and regional offerings as complementary to global assumption. Assisting today to a hybrid innovation process, relying upon territorial marketing-an umbrella for too many issues cvasi- exploited: eco-clusters, local and regional offerings; traditional products/services exploiting, regional clusters competing for funds; we are focusing on complex industrial -rural system reconfiguration relying upon dynamic evolution of territorial branding into competitive identity, as the disruptive behavior we need in sustainable development. Successful development strategies are based on the ability to build an institutional territorial coherence-social and environmental sustainability being inextricably interdependent, such a complex coordination structure relies on territorial knowledge sharing through expertise polls consultation- as key concept of good governance. This model of innovational resource allocation coordination on agro food chains, relying upon clusterisation through patterns of innovational management deficit, offers a relevant solution for synergic orientation of assistance and mentoring efforts on the sector, enable the capitalization of relevant capabilities and increase the addressability from innovation demand side. Based upon auditing 500 SME's from agro food sector in Europe and 51 in SE region, the paper is fully documented on there years of data analyzing from Agro Food sector on 10 European countries in the framework on FP6 SPAS European Project.

Key Words:
territorial knowledge sharing, innovation resource allocation, disruptive territorial solution, community supported agro food chains.

JEL Classification: M16, L22, Q18, F13, M31.

1. Introduction

In this paper we mention the Community and national programs on agro-food sector or related, in which the author has been participated with research responsibilities as team member and author of validated and financed projects both finalized and ongoing.

Region critical problems

In the rural area, the strategic transition option from the social, state-monopolistic economy, central-bureaucratic, towards market economy was irreversible, which determined the appearance of fundamental mutations of the prime components of the agrarian structure: the property structure, the socio-economical structure of agricultural exploitation and the production structure.

After the application of the land tax law, a series of processes were triggered that concerned the formation and evolution of private property in the rural area: establishing small properties of land; reconstituting an important part of the property for the population which does not work in

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agriculture; the excessive crumbling of the land property on parcels, which had negative effects on the already detrimental irrigation systems, as well as the actual execution of the agricultural projects; the priority formation of subsistent rural households, with limited possibilities of raising the production level, the extension of the partial time phenomenon, due to the small dimensions of the exploitation areas and the diminished sources of income.

In the period from 1990 to 1996 the largest zoo-technical complexes were dissolved. From the biggest exporter of meat and meat byproducts in Eastern Europe, Romania became one of the biggest importers. During the same period large areas of greenhouses, which ensured the export of reasonable amounts of vegetal products, were deserted. Not allocating funds for the regularization of the rivers, for embanking, draining and irrigation as well as for the maintenance of these works have seriously affected rural life. All of these aspects had as an effect, the impossibility of applying the proper technology and even returning to more rudimentary processes of agriculture. Numerous enterprises, representative for the food industry were closed for various reasons: lack of investment, reduced production of raw agricultural materials, obsolete technologies, and high degree of competitive import products. The majority of rural population is composed of people over 50 years old, which causes financial and social tensions because of the cost of sanitary assistance and implies fractures in social cohesion. An important problem for rural space, from a demographic and educational point of view, is that the level of education of the rural population is precarious, a phenomenon emboldened by the migration of the educated youth, particularly that with higher studies, towards the urban areas and abroad.

European experience

The European Community launched in 1991 LEADER („Links Between actions for the development of the rural economy"), which had as its purpose completing the programs and actions of rural development through encouraging the ones implicated in rural life to think and implement innovative and integrated strategies of development. Through this program, the following have been upheld: integrated rural development strategies, pilot-type, covering small rural zones, with a strong identity; cooperation between rural areas, bringing together the knowledge, human and financial resources; the exchange of know-how and experience, through rural area networks. The LEADER program had significant contributions in the development of rural communities: a decentralized and integrated approach, through the focusing of the benefits on the reconsidering of rural areas in their wholesome; the coaching of the local communities inherent in these programs, helping the defining of new local identities or renewing the existing ones, uniting the ones responsible for the community-level rural development; creating possibilities of putting latent ideas that were previously ignored, into practice. The elemental experience of the author on LEADER I and II program was reached due to the involvement on PhD research "Agro-food sector competitiveness assessment in Castilla –Leon" which experience was fructified through comparative analysis between agro-food experience and expertise sectors in Spain and Romania.

Qualitative Romanian EU integration

With regards to reaching international performance imposed by the conditions for the Romanian integration in the EU, the interdisciplinary research committee aims at elaborating innovative policies for the rural development of the South-eastern Region.

In concordance with the agro-alimentary potential, with the current state of techno-economical and social conditions, the improvement of the administration of the flow of information specific for the field, meant to contribute to the emboldening of specialists' efforts, local and regional administration, of the varied institutions of ownership and administration of different structural or cohesion funds, in ensuring an efficient communication, both direct as well as indirect. One important outcome of this research is making farmers and small entrepreneurs aware of the necessity of complex and coherent information with regards to the predictable changes (perfecting both technological and material) in order to ensure the sustainable development agriculture. This necessity of European validation and increasing visibility of the Romanian agro potential as part of qualitative integration process was fulfilled in the framework of the CEEX M3-C3-European Network Promoting a Socio-Economic Model for Local and Regional Sustainable Development (Euro_Net_Develop) as compulsory deliverable under "Priorities of the Information Society regarding Local and Regional Sustainable Development".

2. Current status in value creating business solutions

It is accepted that the secure strategic alternative for the Romanian rural area and respectively for area 2 SE, the cross to a commercial agriculture, which would imply the training of the active village population in tackling a business in varied fields of rural economy, with regards to orienting it towards the market. Such an action is very important since the market alone shall validate the viability of the rural area and determine the implicated factors to make efforts in order to produce in concordance with the new quality standards. Observing the isolated initiatives as solutions for too many critical problems of the sector, our research efforts were following the identifying of the most adequate specific resource - competitive capitalization pairs, with an aim to substantiate the territorial marketing policies; elaborating and bringing up to date of a new portfolio of offers specific

to Area 2 SE. Some ours interdisciplinary projects fulfilled essential sequences of information system framework, being able to develop the documentary function of knowledge management and to design the suitable public framework access to our results; online advertising, through the created web site, as well as offline of the offers portfolio by the target public, in order to direct the demand. The innovative policies of the channel strategy are following the training of the local and regional decision factors in supporting efficient logistic chains, in ensuring the ongoing compulsory traceability audit issues that are essential on the safety and the security of the consumers.

As regards business solutions, one valuable is suggested by *Demand Chain Management* approach, which offers us arguments for the new value creation process implementation. DCM (Canever Duarte, 2006) supposes the alignment throughout the chain all the activities that create both firm and customer value. The first steps were made in an interdisciplinary approach- consumer science, quality management and chain management -in the agro-food sector by various scholars being aware of innovation implementation via complementary resources between partners. They suggest that market knowledge and technological knowledge are to be exploited in a collaborative marketing (Schepers, 2006) approach experienced upon fresh fruit chain. In this complex process the firms are discovering that the classic value creation process is not any more adequate to this kind of strategic response; this demands a new value creation approach, another type of interaction between the firm and the customer, that is-designing a process of knowledge transfer between the two-high quality interaction between the two actors which itself it is new value creation (Prahalad and Ramaswamy, 2004). The success of this idea demands the reconsidering of the strategic behavior relying upon Co-Creation (Elg and Gustafsson, 2008) of value, similarly with the revolution that produced *CO-Opetition*, which was enthusiastically considered a few years ago and much of the empirical studies confirmed the assumption of that strategic choice.

The issue is here the *Co- Creation* of unique values that might be considered alternative source of competitive advantage as relying upon co-creation experience of unique value in a specific and individual context (moment and territory). This is considered of course local specific and firm specific factors; but as we address the Alan M Rugman work, (Rugman, 2005) the future competition will be regional and locally played. The sustainability characteristic of the competitive advantage, *for now only alternative to the classical one*-is very difficult to meet. But is it necessary anymore? As we see, the competitive advantage it is difficult to be sustainable any more even for the great players in the marketplace. Consequently it might be successful to have as source of competitive advantage the process of co-creation based upon partner's experience-as it meets different and unique thus difficult to replicate offerings! In other words, not product or service innovation, not even market innovation, but the process of knowledge transfer in a determinate organizational structure is the key resource.

3. Adjusting to changing patterns of competition

Due to the changing patterns of competition spaces, we now are all aware that not only the classical combination between small and large firms' complementary resources can facilitate innovation success, but also the regional and local factors mobilization around validated expertise polls and the progressive but persuasive change on institutional environment behavior to collective decision negotiation, as the future successful strategy. Most of all by the possibility to address the economic policy instruments in territory that ensure the sustainability of any innovational solution. This kind of local and regional approach is fostering the cooperation between small firms MNE's and academics, in terms of designing unique framework of knowledge transfer.

This type of territorial resource allocation is the key issue of financial European support and national government funds. Mostly if this kind of cooperation meets the European policy requirements of promoting cooperation and business innovation as part of an overall innovation system. After all, we assist to declarative abundance about territorial dominancy but local actors must collaborate to obtain synergy from their complementarities via actions and not promote this type of vague communication. The critical deficit of competence, all of above being properly implemented, will remain the identification, asses and valorization the institutional communication facilitators agreed by territorial stakeholders–issue currently beyond our area of research. This is the essence of transformation of territorial branding to competitive identity, elsewhere addressed by Anholt Simon"Competitive Identity".

3.1 Resource allocation framework

One important step of the proposed model relies upon the ability to find the most appropriate framework of optimal resource allocation and our proposal is the following:

- Analysis of RTD innovation portfolio at regional level
- Identification of research needs for governance and management tools for rural complexity at regional and local levels
- SWOT analysis for assessing regional RTD capacities and reallocation of funds
- Sharing and integration of research projects and resources
- Increasing research potential, mobility and knowledge transfer

- Increasing access and exploitation of research results.

Consequently the main issue of the new value creation process, as it supposes knowledge transfer, is the coordination of complementary resources belonging to different partners of various organizational structures. The efficient strategic behavior of this complex structure is the key issue of management, which must design the appropriate informational systems to perform. In a complex territorial system, based upon complementary resource coordination, this process of resource relocation is very difficult to implement; we assist to markets type relation in the territory itself-that is different components are competing for resources.

The challenge is in our opinion the ability of the designed strategic behavior to transform this kind of local alternative and fragile competitive advantage in a sustainable one. Current status of research indicates that we assist to location- specific factor supremacy as determinants in regional attractiveness and we suppose that sustainability could be reached only by territorial solution. Strategic alternative focusing on complex rural system creation is the disruptive behavior we need in territorial development, the only best solution for agriculture and land-use planning to benefit of environment. This paper contribution offers strong arguments for policy makers in order to enable this long term strategy.

We can also address another issue heavily disputed between academic-that is the return to local and regional offerings as opposite or complementary to global assumption. That's for we are assisting today to an innovation process relying upon: territorial marketing which is an umbrella for too many issues already exploited, such as: eco-clusters, local and regional offerings; traditional products and services exploiting, regional competitive advantage which is based upon intra regional competition between clusters for the decentralized governmental funds; B2B local and regional markets and many more.

3.2 Agro-food innovation space

All the above achievements and intentions will remain theoretically interesting if we cannot prove empirically; that is, the most important problem of those solutions is the designing of an information system as decision support for management for such a complex structure.

Being aware of the challenges of economic long run development in the region the results of SWOT analysis on agro food sector we briefly observe the significant results, commonly accepted in sector, which are starting points of our research:

a. Cluster: processor linkage with agriculture have deteriorated, lack of long run contracts with related industries, low level of development of relative industries, transport sector is inefficient and poor technical conditions of roads, few companies are investing in improving processes ,equipments and plants in rural area, EU standards partially applied and in conflict with territorial reality,

b. Factor conditions: large variability on *labor force* structure and quality (good qualification, low wages, low productivity, seasonality of employment. *Assets*: old and depreciated, necessity of renovation. Great diversity on *raw materials*. *Infrastructure*: good telecommunications, high European market transportation costs, poor transport infrastructure, basic processing technology is simple and obsolete, seasonal productivity.

c. Demand: significant local demand, lower quality and low price; limited domestic market for quality; large external market for quality, good knowledge of the final consumer needs and requirements

d. Strategy: high quality product, partnership with high-end wholesalers, consumer influencing demand, invests in producers through contracts training, operational synergy, investment in equipment and staff training.

That's for our research cover the market investigation in order to define the state of the art in innovation framework; it is part of a European project which target was the creation of a network of organizations that supports the participation of agro-food SMEs in international collaboration in order to become active part in value creation through business innovation. The general objectives of the project were: Share risks and costs in innovation activities; gain technology and experience from complementary partners; develop innovation capacities; increase competitiveness; get access to international markets. The specific achievements of this initiative consist of: Best Practice Guide to assist agro-food SMEs in choosing the most suitable partnership ; Structured pool of enterprises, and fostering synergies among them; proactive online intelligence service on FP6 & FP7 opportunities; WEBSITE with info, IPs & NoEs database, newsletter, communication & network platform, IT transfer solutions, tailored to SMEs; designing a territorial space of Knowledge.

Innovation Management Toolbox Agro-Food

Development		Implementation		Exploitation
Block I **IDEAS AND AWARENESS**	**Block II** **FEASIBILITY**	**Block III** **CAPABILITY**	**Block IV** **IMPLEMENTATION**	**Block V** **LAUNCH**
to identify a trend in the market place	to evaluate the idea and the opportunities	refining feasibility study, making final choices	realization of the idea	market launch
to prospect for an opportunity to realize that trend		implementation planning	elaboration of marketing strategy	production of improved products / services
to become self-aware of innovation potentials			implementation of organizational measures	distribution to customers
			development of new product, process, service	project review
			Testing and piloting, evaluating performance	
M1: Become Aware of Your Innovation Potential	M1: Internal and organizational readiness	M1: Project Implementation Planning	M1: Implementation of organizational requirements	M1: Production
M2: Become Aware of Innovation Drivers	M2: Market opportunities	M2: How to set up a project	M2: Developing a marketing strategy	M2: Update of business case & optimization
M3: Supportive Culture for Innovation	M3: Technical Planning	M3: Project management	M3: Development of prototype	M3: Post-Development review
M3: Knowledge Management	M4: Compliance Evaluation	M4: IPR Management & Templates	M4: Test and Piloting	M4: Promotion
	M5: Business Logic	M5: Financing and financial planning	M5: Evaluation	M5: Operational Marketing
				M6: Launch review
				M7: Project Analysis/Evaluation
GATE 1: Pre selection	GATE 2: Release of detailed Analysis	Gate 3: Go, no-go or pause	GATE 4: Decision for Market Launch and internal introduction	GATE 5: Monitoring, decisions to make adaptations etc.

Comprehensive "Across-the-Board" Innovation Management Tools and Quick Scans

3.3 Comparative Statistics

The total average of interviewed companies was 98% SMEs according to the EU Definition (81% micro-, 10% small-l and 7% medium-sized). (Figure 1)

International Activities – Export and Purchase

The following results are based on the SPAS technology questionnaire. In the beginning the question or statement which the respondents answered with their agreement or disagreement is repeated.

International Activities: Q1: We have a lot of experience in International activities (i.e. export, import)

International R&D Activities

International Activities: Q2: We have a lot of experience in International research and development activities

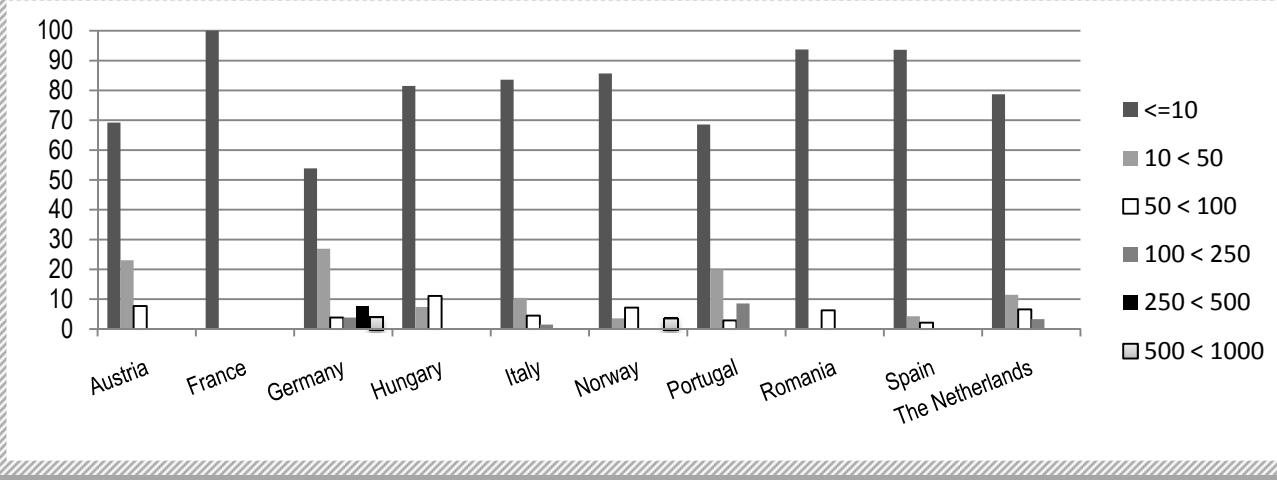


Figure 1. Prevalence of Company Size per Country

Source: *SPAS*

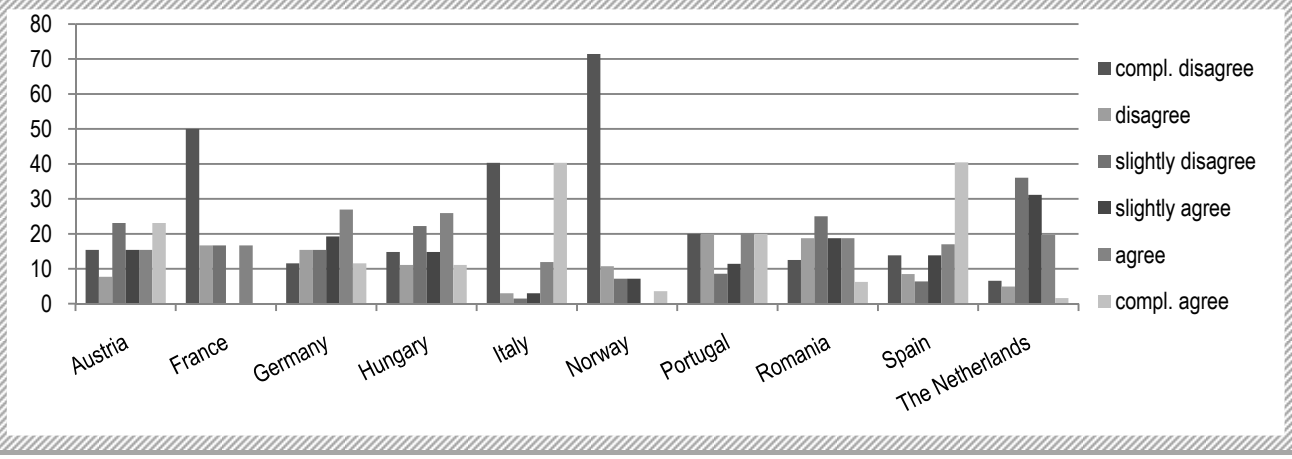


Figure 2. Percentages for International Activities regarding export and purchase

Source: *SPAS*

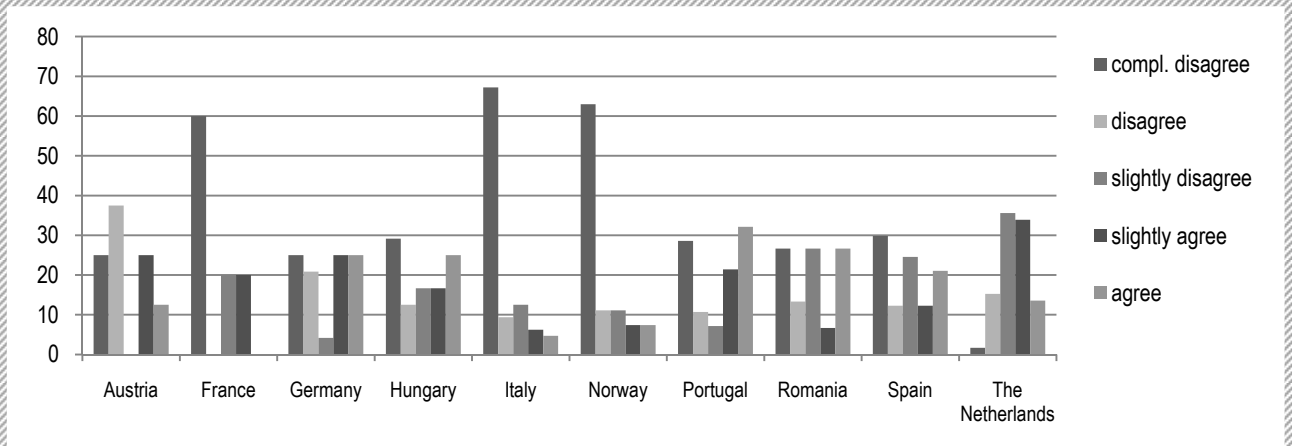


Figure 3. Percentages of International R&D Activities. SMEs interest in innovation activities

Source: *SPAS*

Innovation Management

Q1: We have a well defined innovation plan which is known in the organization

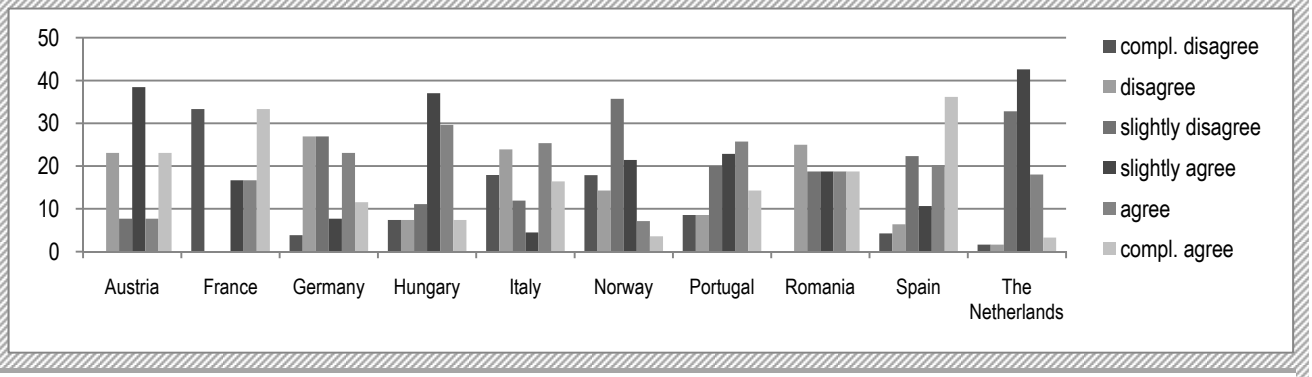


Figure 4. Percentages of Innovation Plan implemented in the companies

Source: *SPAS*

Q3: Product innovations: We are well established in introducing new products

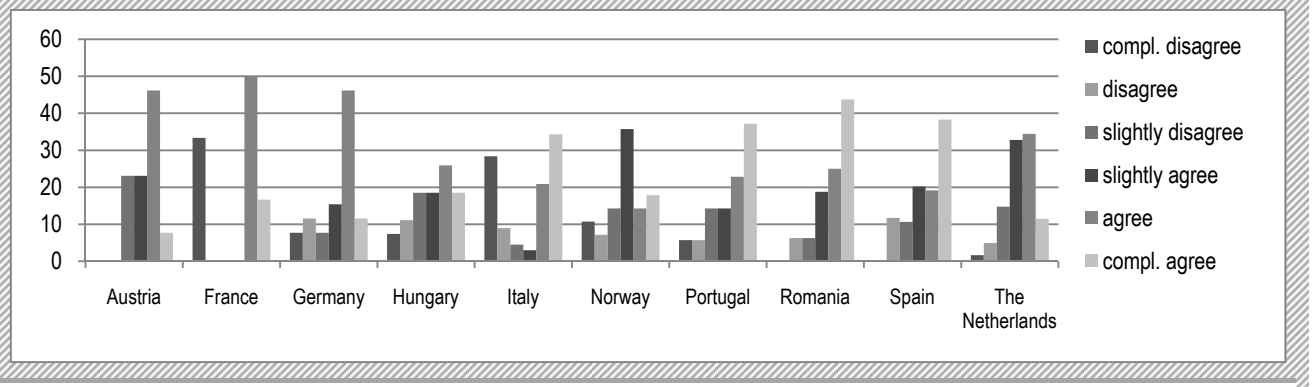


Figure 5. Percentages of Product Innovations

Source: *SPAS*

Q4: Process innovations: We are well established in introducing new processes and equipment

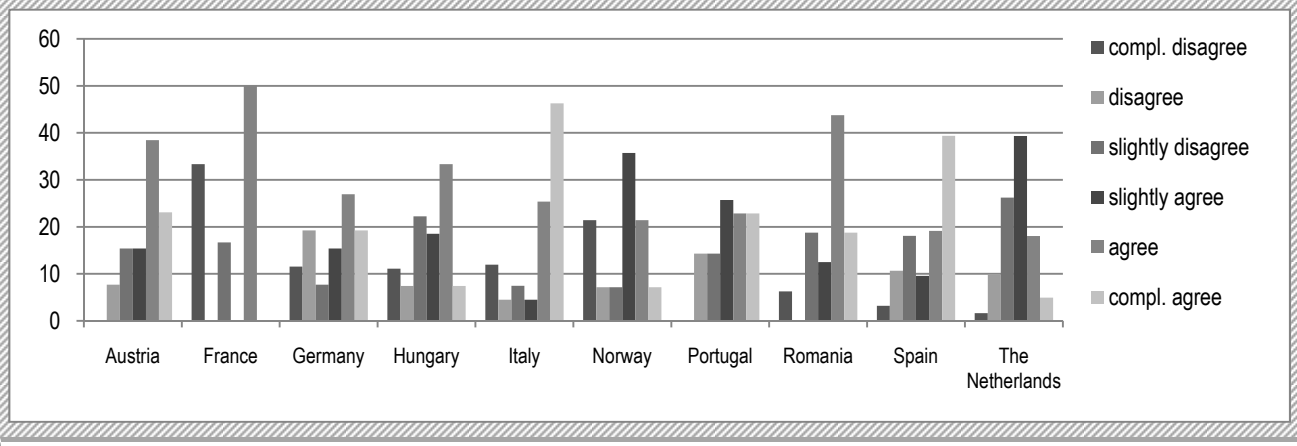


Figure 6. Percentages of Process Innovations

Source: *SPAS*

Q5: Non technological innovations: We introduce managerial and other non-technological innovation (e.g. marketing, design, business models)

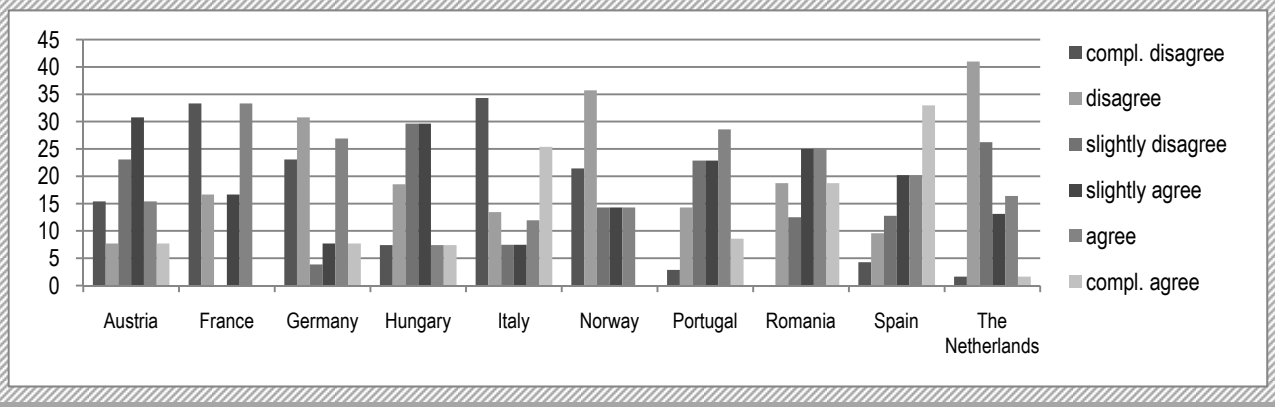


Figure 7. Percentages of Non-Technological Innovations

Source: *SPAS*

Identified main obstacles for innovation

Q1: Financial: Our main obstacle for innovation is financing

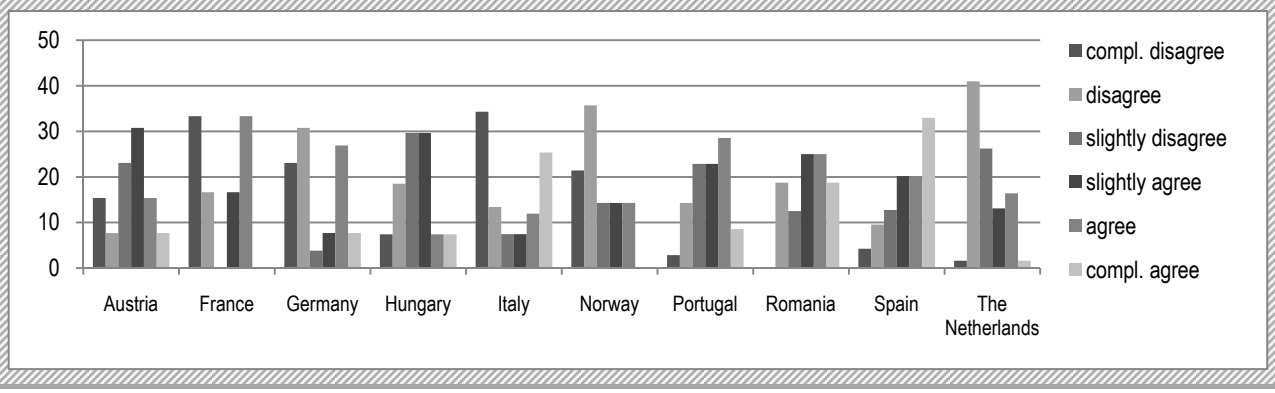


Figure 8. Percentages of Financial Obstacle for Innovation

Source: *SPAS*

Q2: Internal factors: Our main obstacle for innovation is lack of internal resources (e.g. skilled persons, information)

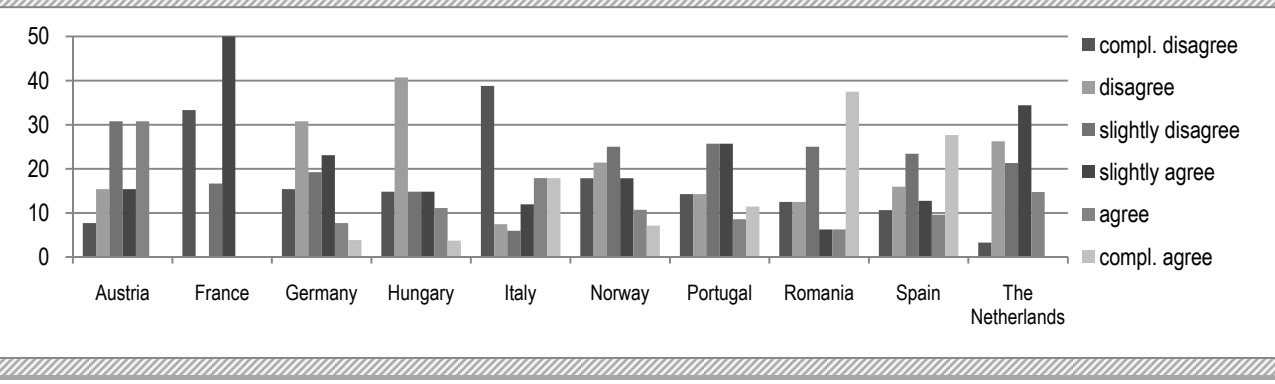


Figure 9. Percentages of Internal Obstacles (e.g. skilled personal, information)

Source: *SPAS*

Motivation to take part in international RTD programs

Q1: Altering business relationships: We want to find new partners and improve interactions with them

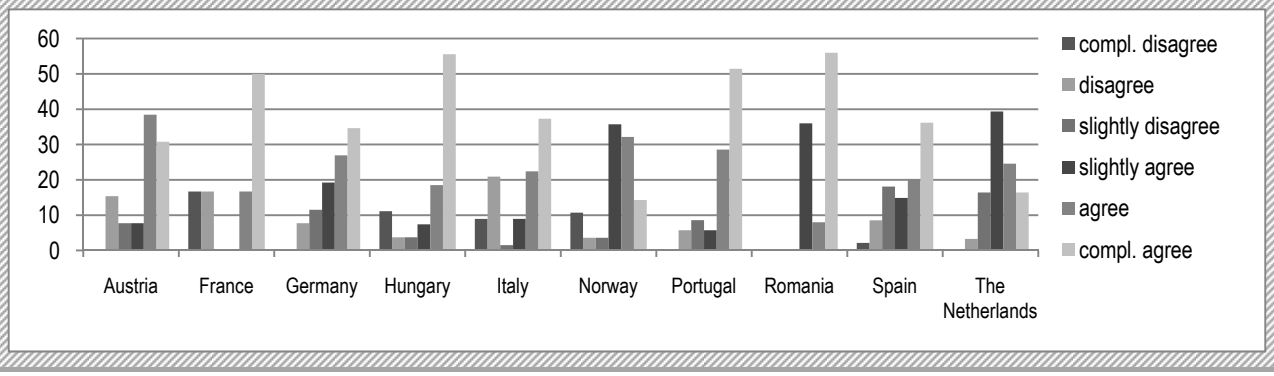


Figure 10. Percentages of Motivation for altering business relationships

Source: *SPAS*

Q2: Product and market strategy: We want to introduce successfully new product and market strategies

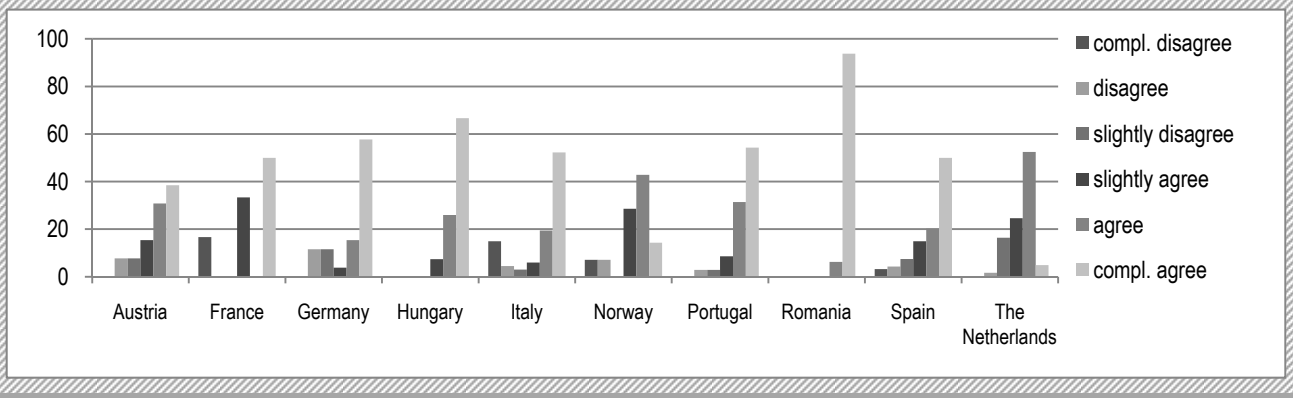


Figure 11. Percentages of Motivation for Market Strategy

Source: *SPAS*

Q4: Food Safety: We want to improve food safety

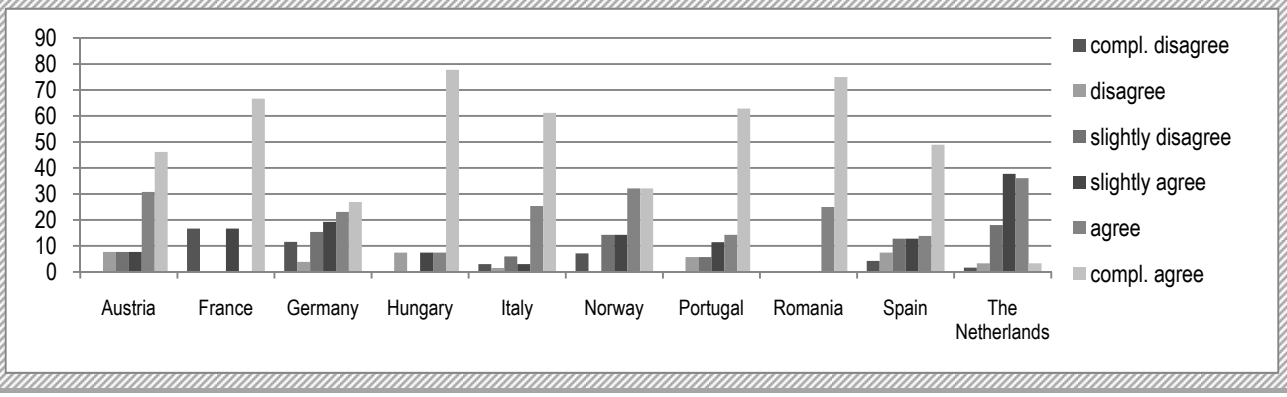


Figure 12. Percentages of Motivation for Food Safety

Source: *SPAS*

Q5: Quality: We want to improve our product quality

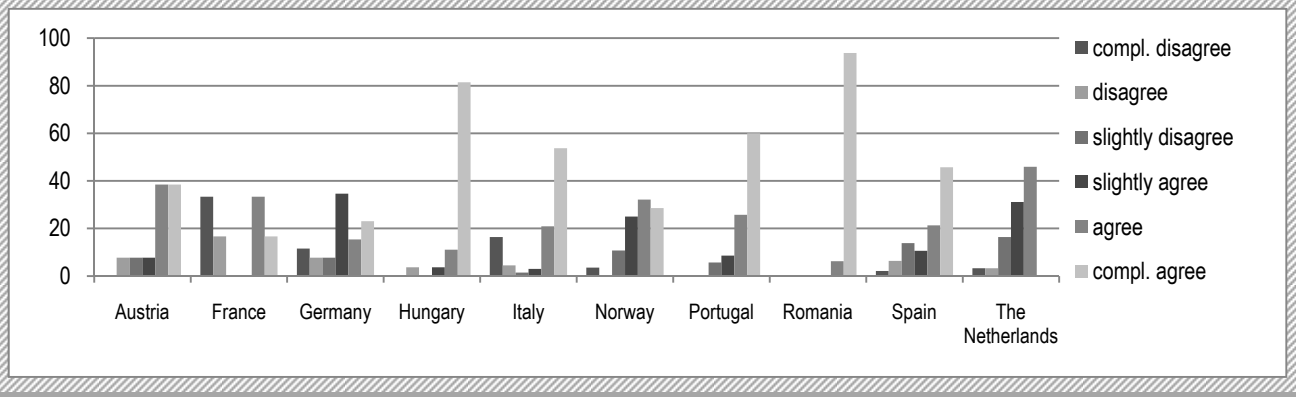


Figure 13. Percentages of Motivation for Product Quality

Source: *SPAS*

Q6: Traceability: We want to improve our logistics and customer trust

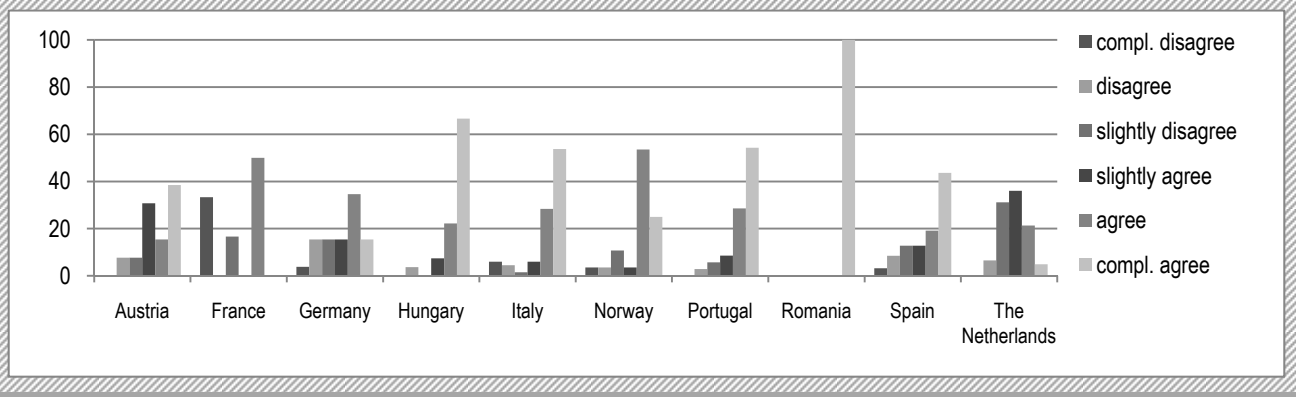


Figure 14. Percentages of Motivation for Traceability

Source: *SPAS*

4. Audit results Romania

The benchmark helped the questioned firms to assess their company against the European average in the industry and compared to the top-runners in terms of Innovation capacities (*Table 1* and *Table 2 Annex*)

In the following figures we observe the audit results of 73 respondent Romanian firms, part of documentary knowledge management system on agro-food sector- currently exploited by our research team on PN2 ongoing projects PN2- PC 4141"Competitiveness studies of SME's on the sustainable regional and local development through fiscal policy" (STUD_COMP_IMM) and PN2-PC 3560- Innovative fish processing biotechnology of high safe level and security for consumers (BIOSIG).

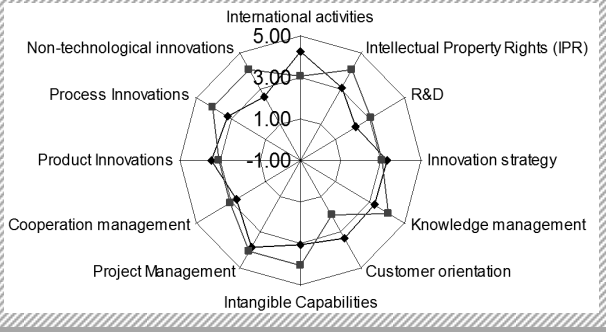


Figure 15. Innovation capacities evaluation

Source: *paper author*

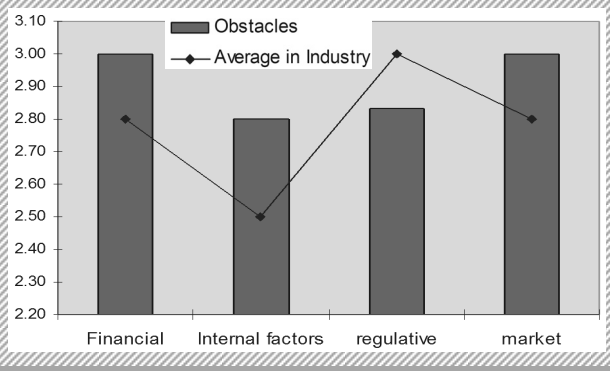


Figure 16. Obstacles on Innovation

Source: *paper author*

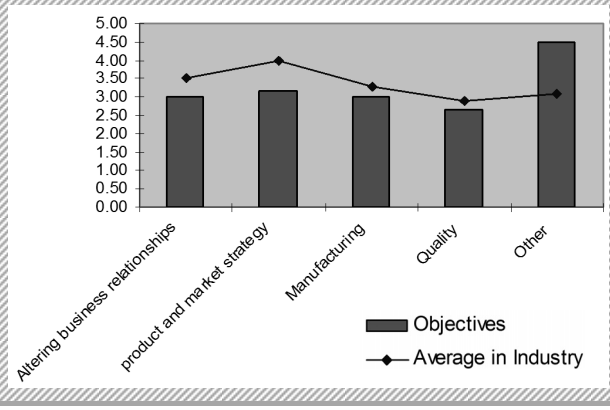


Figure 17. Objectives on Innovation

Source: *paper author*

Being aware about the preferences of SME's to client centered coaching we insist that this kind of assistance must be structurally integrated into existing regional support frameworks. Coaching must address specific solution that can be formulated relying upon above agro food benchmarking framework. This partial conclusion of the study confirms the lack of success of fragmented solution in innovation process and implies the need for territorial and partner resource complementarities. An efficient resource reallocation model provides an opportunity for new organizational forms-channel networks, alliances, and different partnerships- to create competitive advantage through the Co-Creation of unique value with relying on local-specific factors. This kind of advantage based upon synergy is demanding the most appropriate information system in which better coordinate the complementary resources. In the following we resume some territorial initiatives empirically documented: some of them considered for too many years inappropriate for Romania, from one point of view due to technological high implementation costs and lack of marketing skills-as empirically validated on SME's audit and from another, by lack of entrepreneurial courage and stakeholder mobilization.

5. Proposed coordination business solution

We propose that one resource for regional competitiveness will be ***territorial's new portfolio offers positioning*** based upon organic products. The marketing research for organic products is still poor in Romania but CORMA follow up on OMIARD (http://www.aramis.admin.ch/Default.aspx?page=Beteiligte&projectid=13473) initiative was completely ignored in our country. In the last five years the neglected organic market issue is becoming to be a lost opportunity for Romania; in spite of this SPAS Final Report (http://www.spas-project.eu) demonstrate that they are a lot of German, Austrian and Dutch firms very interested of the potential Romanian organic food market. The survey analyzed the hard facts of 24 different regional marketing activities. Consumer surveys on the motivation of buying organic products in these areas, the robustness of the trust and loyalty when an organic scandal happens and the economic impact of these activities in the region (e.g. farmer income, employment rates, assortment, product quality and so on) were evaluated. The SPAS project audit results for Romania we are currently fructify on our financed research national PN2 BIOSIG-above mentioned which recent first phase results of market research upon the current and prospective changes on consumer behavior- will be disseminate only on Power Point oral presentation of this paper and will be the subject of another paper together with an the final sequence of food chain - investigation upon the evaluation of the eco-behavior attitude in master agro food channel strategy.

Their above research results placed Romanian's agricultural regions as one of the most valuable location for organic market, due to the possibility to obtain appropriate land characteristic for this type of product in short term and less costly accordingly.

The *comparative studies* on the regional marketing activities had the following results:

a. The prices differences for organic products in comparison to conventional products differ from product group to product group.
b. Secondly it is important how the product is processed and where the origin is. In average organic products is 20-50% more expensive than conventional products. The consumer needs to understand why and how this price difference is justified.
c. An organic purchase within a limitation to a specific region has advantages in the communication to the consumer.
d. The trust of the consumer is preserved.

Therefore our evaluation of regional rural area potential to be involved in organic marketing activities consisted on implementation of the framework research scheme proposed by our European partners: questionnaire, interviews and sales data. The survey includes the whole

organic food chain in the selected area (e.g. farmers, processors, manufacturer, retailers and consumers).Part of the information we already have from the Romanian SME's involvement into SPAS project, above audit described (http://www.spas-project.eu).

Our initiative implies the augmentation of the research framework enable to offer solution for our specific critical issues: vulnerability of institutional environment due to lack of management expertise both in innovation mobilization of expertise polls, (which by the way, gathered already the sufficient network management experience and visibility) and lack of availability to adopt and pursued the principles of good governance of our policy makers (which has no cure in short term). When applied to the formulation and implementation of territorial development strategies this mismatching become a strong liability.

The issue of territorial development is evolving, beyond the marketing research framework being designed and the first order conclusions both European and national-regional-local being deposited in data bases, and we can go beyond the following conclusions and exploiting the experience to dynamic approach of transformation of territorial branding into competitive identity. Regarding organic product as a solution, rural and peripheral territories as the product to be marketed, the main components of its marketing system are designed as response to the current trends in society that affect supply and demand of the rural product are presented.

We consider that the main objectives of our research are:

- To strengthen Regional Marketing Activities for Organic Products through experience exchange in Europe
- To sustain and improve the distribution of organic products in different European countries
- To inform and educate consumer about organic products and their benefits

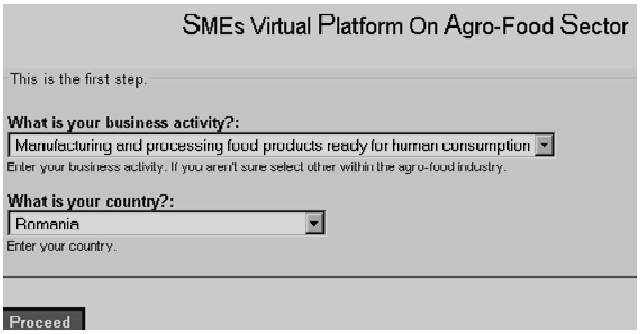
The expected results may be formulated as follows:

- Higher income for the organic food chain in the regions.
- Increasing demand for organic products by consumers.
- Better understanding for differences in culture and marketing trough research across Europe.

Designing territorial marketing solution for increasing competitiveness capability in the region is under our area of competence and it is a proactive strategy.

Under the light of the above theoretical framework and the current state of the art on agro food market; in the light of envisaged and documented organic market evolution, we propose a Regional information system for the infrastructure management of evaluation and certification along the organic demand chain activities - sustainable Solution for Romanian agro food sector SME's access to the on-line knowledge exchange environment.

The designing and implementation of such a system suppose complementarities between three local actors: academics and professionals; administration; SMEs and supposed the implementation of the following procedures: audit of European documentation certification Analysis of the local and regional market; detailed classification system of products and activities; designing the scientific and legal framework for the infrastructure certification; laboratories, methods and procedures; Comparative, analysis and harmonization between national and European competences in agro food/organic market ;Balance European harmonization/Local specificity and regional protection. In the following we observe an example of one sequence of interactive collaboration functioning on the website of the above mentioned SPAS project:



The benefits for SME's are: Orientation- Training-Dissemination through codes, norms, guides of SMEs; identification and matching suitable complementarities and the subsequent framework for knowledge transfer between organic market interest groups and potentials partners.; Coaching the SME's in their offerings by communication strategy implementation; dissemination of traditional activities and products description; development of legal information feed back (i)Local administration-market (ii) innovative regional/local products/activities-*Certification*-Legislative ;Multidimensional correlation will follow activity families and innovative local/regional products-European certified data base-starting point of B2B and B2C ;Progressive elimination of administrative monitoring and resource consumer factors from the agro food market.

The benefits for consumers are: radical change in food behavior by large promoting campaign for public rising awareness about consequences of inappropriate nutrition effects in long run-already experimented from the PN2 BIOSIG market research as regards fresh fish market behavior ; strong and rapid investments in health with important incentives in terms of costs both for insurance health systems and for the consumers as well; appropriate strategies for renewal of healthy consumer habits as cultural component and investments in

technological and marketing knowledge transfer to rural systems.

Consistent with our assumption, that is, location factor supremacy in further attractiveness of rural system, we suggest that the solution is to identify the appropriate interdependencies between the above two kind of benefits for firms and consumers via re segmentation of agro food sector in order to formulate targeted solution -typify the territory- (Marcello De Rosa, 2001) for different local areas. Furthermore one of the relevant results of SPAS projects is the impossible clusterisation from innovation benchmarking analysis, that is, the high importance of local traditions and customs requires personalization of the territorial solution. This is consistent with the complementarities in our interdisciplinary research on the behave of SMEs' - anticipated on CEEX and currently modeling on STUD_COMP_IMM, which are dedicated to offer scientific arguments –as poll of expertise for policy makers- in order to consult and mobiles the exponents of expertise and their relevant results when projecting interventions mechanisms. Being first their responsibility the consumer safety and the norms are becoming increasingly compulsory we are expecting their adjusting in attitude to consult the expertise of academics and practitioners from industry, which first matched the market changing pattern of competition.

Another validated initiative on milk processing the whey, a liquid fraction which represents 85-90% of the processed milk's volume, a percentage which varies depending on the nature of the product and it's quantity of dry substance. A global production totaling over 100 million tons of cheese-products means 80-90 tons of whey (Smithers, G.W. s.a 1996) added with important quantities of permeate or ultra filtrate (which has a composition similar to that of whey) resulting from the membrane separation of the milk proteins.

Worldwide specialists are concerned with finding different uses for this large quantity of whey and with avoiding the disposal of it in the environment. Currently approximately half of the global whey amount is disposed of in this fashion, which induces environment damage; this is because the biochemical consumption of oxygen is 50 g per liter of whey, compared to 0.3 g per liter of the urban residual waters.

Studies in the field, for the past three decades are abundant with different attempts, most of which remained in pilot, (by single cell protein in mono and mix cultures), which favored lactose fermentation, the main component of dry whey component (4, 5-5, 2%), with the goal of obtaining diverse products, which would allow the introduction of whey in the general consumption circuit.

From the comparative study of different technologies which process whey components, it deduced that these said ones become efficient from an economical point of view only when the amount of processed whey is considerably large. For example in the obtaining of lactic acid through whey lactose fermentation, this process becomes profitable when the amount of processed whey exceeds 100 tons pre day (Zalasko, 1990).

The research concerns the choice of a simple and flexible technology adaptable to the conditions in our country, which shouldn't assume a risky investment, because the majority of milk processing industries have low production capabilities, and the quantity and quality of the daily output of whey varies within wide margins.

Cultivation experiments have been conducted of *geotricum candidum* on acid whey, non-pasteurized, microbial and serum proteins have been obtained from the fermented whey concomitant with the reduction of the biochemical oxygen consumption CBO. After the numerous experiments on non-pasteurized, acid whey, the acquired results have led to the proposal of a technological scheme for the recovery of the protein biomass, with the following structure: the insoluble whey proteins, the fungi culture cells and those of the microorganisms found in whey. By the applied process the *Geotricum candidum* spores have been inactivated which raises the digestibility and the biological value of the PROZER product, which makes it highly suitable for animal consumption. By using an lactose vegetative stem of *Geotricum candidum* it is designing an unitary operating technological schema for obtain a protein biomass for human use with tree outputs: single cell protein which may be use like **supplement in food industry**; **beverages** results from the consumption of lactic acid of the whey and **soft cottage cheese**-Ricotta type. The reduction of the soluble substances content outlines the advantages of industrial implementation of the proposed biotechnology (of valorization of whey nutrients and conversion to fungi protein), reducing the damaging impact on the environment caused by the waste of whey.

On the work of consumer and processing agent prevention behavior, one of the risks comes from the violation of the governmental regulations concerning the use of additives and food ingredients. By that we mean the impact of sodium ion on the occurrence of high blood pressure, of cholesterol through the use of saturated fats, which constitute risk factor for heart diseases (such

as: atherosclerosis, thrombosis, heart failure, extremely high blood pressure) and carbohydrates for those suffering from diabetics. The main worry with regard to the unsupervised use of nitrites and nitrates has to do with their differentiated toxicity function of the vulnerability of the consumer, the risk of nitrite intoxication being greater for children. The next main worry in case of excessive use of nitrites and nitrates is the exogenous and endogenous formation of N-nitrozocompounds, which include cancerous agents, i.e.: nitrosamines and nitrosamins.

The use of mechanically deboned chicken as a meat substitute raises serious concern as to the chemical stability of the unsaturated fats in its composition. By the oxidation of lipids, free radicals appear. The peroxides and secondary/tertiary metabolites serve as tumoral initiators and promoters and are compounds able to alter the integrity of the membrane, leading to atherogenesis. Comparative research was regarding the quality and safety of Romanian processed products based on meat in comparison with similar ones produced in the E.U. The study already touched the producers so as to limit the addition of non-meat ingredients, of salt content to 2% only and the nitrite surplus to the strictly necessary level, in order to prevent the development of Clostridium botulinum, in an attempt to produce a positive impact on the health of consumers.

The third initiative currently ongoing is addressing the **fresh fish biotechnology market** and will be published soon.

On the light of current economic turbulences it is of vital importance not to choose the short run cutting costs strategy, but to be aware that the sustainable solution is the ability to choose the highly innovative value added solution for agro food chains and consumer loyalty. This is what we call "disruptive territorial behavior", as one good solution to not follow the current rational economic trends which is cut costs, but to invest on intelligent allocation of territorial resources. The challenge is to formulate the appropriable hypothesis of the proposed sustainable model, effort we understand to continue and once we have relevant results, to propose it in our scientific community.

6. Conclusions

By this solution projected for the agro food sector, the organic food chain will produce high quality offerings and will be the one of the area that can benefit from new value creation models. Engaging in this will increase the territorial attractiveness of Romanian regions and a new marketing initiative will increase the income for the food chain actors and lead to more participation in growing organic food. This will lead to more sustainability and protection of the regions.

The learning component of the business solution implies external communication via online advertising (through the created and increasing addressability of the web site) as well as offline of the offers portfolio by the target public, in order to direct the demand. The innovative policies of the distribution strategy follow the training of the local and regional decision factors in supporting efficient logistic chains, in ensuring the safety and the security of the consumers. We consider that the regional competitiveness organic agricultural based, must focus not only in organic-intensive use of land by foreign actors, but mainly to modify the local consumer behavior of this products in our regions. It is more; one module of the informational system (relying upon Territorial Competitive Intelligence Solution) of the rural complex model could be interconnected and synergistically transformed in relational competitive advantage in pharmaceutical, tourism, medical care, life quality support and other subsectors.

Finally, the implementation of this solution will offer us the prove of validity of the theoretical challenge; the organic market could be the first empirical prove of sustainable competitive advantage trough the integration of complementary territorial resources-at least corresponding to current market particular situation when location specific factors are most important than firm specific factors; and the Romanian organic market is not an exception.

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Annex

Table 1

Innovation capacities evaluation

Innovation Capacities	Evaluation	Average in Industry
International activities	4.20	3
Intellectual Property Rights (IPR)	3.00	4
R&D	2.17	3
Innovation strategy	3.25	3
Knowledge management	3.20	4
Customer orientation	3.25	2
Intangible Capabilities	3.00	4
Project Management	3.75	4
Cooperation management	2.67	3
Product Innovations	3.38	3
Process Innovations	3.17	4
Non-technological innovations	2.50	4

Table 2

Obstacles and Objectives

Obstacles	Evaluation	Average in Industry
Financial	3.00	2.8
Internal factors	2.75	2.5
regulative	2.83	3
market	3.00	2.8
Objectives		
Altering business relationships	3.00	3.5
product and market strategy	3.17	4
Manufacturing	2.83	3.3
Quality	3.00	2.9
Other	3.00	3.1