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Building the content of CSR in the food chain with a stakeholder dialogue

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Abstract— The paper is concerned with the content of corporate social responsibility (CSR) in the food supply chains. The objective is to build the content of CSR in the food chain with a stakeholder dialogue. The research project takes an action oriented approach and is based on case studies. The project draws on three different case food products and their supply chains: rye bread, broiler chicken products and margarine. The content of CSR is constructed in interaction between researchers, consumers, companies and their interest groups. The research project combines the compilation and analysis of extensive information sources, constructive technology assessment and stakeholder workshops. The paper presents how the research process is proceeding in a dialogue with researchers, representatives of case companies, consumers and other stakeholders and provides results on important CSR issues related to the case food products and their supply chains.

Keywords— Corporate social responsibility, supply chain, stakeholders

I. INTRODUCTION

Corporate social responsibility (CSR) and sustainable consumption have become a widespread topic in business and public discussion. CSR is increasingly acknowledged as an important business issue and as a critical success factor in the long term. In addition to contributing sustainable development CSR may enhance innovative potential and competitiveness of companies [1]. In the food sector, companies are facing fast changes regarding the growing concern of consumers on the topic of traceability of the food chain, the origin of raw materials and food safety, environmental impacts of products and processes as well as societal issues such as animal welfare. Companies have to meet these concerns in an increasingly global environment. Customers, governments, NGOs, the media and wider society are all asking companies to give an open and well-substantiated account about how they operate and what is their impact on society. These concerns are justified in many ways; for example one third of

environmental impacts of private consumption is due to eating [2]. This brings, in terms of CSR, new dimensions and challenges to the management and development of food- and agribusiness companies.

The widely accepted approach to CSR is based on the broadly accepted Triple Bottom Line (TBL) with three dimensions: economic, social and environmental responsibility [3], and with the emphasis that these three dimensions are interrelated [4]. CSR takes a company level view to sustainable development. There are different theories and approaches of CSR and how companies perform CSR [e.g. 5, 6, 7]. In this research CSR is approached from strategic management viewpoint with identifying CSR as potential to provide elements to build new types of resources that may serve as a foundation for a competitive advantage. This requires that as a starting point CSR implies a wider perspective than the view that companies act in compliance with the legal norms.

The significance of stakeholder dialogue for companies is widely acknowledged [8, 9, 10, 11] but empirical research on how to employ stakeholder-driven approach in building the content of CSR and how to put stakeholder views in company practices is scarce. Furthermore, little is known how to cover, organise and manage sustainability in the product chains in a complex network of international chains of suppliers and customers [12, 13]. Production of a certain food product usually includes several raw material supply chains. This makes identification of the chain, let alone the management of the chain and information from the CSR perspective extremely challenging. In order for a food product to be produced in responsible way requires that the entire supply chain takes account of the impacts of its actions on the society.

The objective of this paper is to build content of CSR in the food chain context through a stakeholder dialogue. The paper is based on a joint enterprise¹ of

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two research centres, MTT Agrifood Research Finland and National Consumer Research Centre and five companies – Fazer Bakeries, HK Ruokatalo, Kesko, Raisio, and Suomen Rehu.

II. RESEARCH PROCESS AND METHODS

The overall strategy of the research project is based on cooperation and dialogue between researchers; chain actors; consumers; environment, food and agriculture policy makers; experts and other interest groups. The researchers' role is to evaluate the existing data and bring to the process their knowledge of recent theory and information regarding CSR issues (e.g. life cycle assessment, LCA) and user involvement in innovation. The policy makers bring to the process experience in enacting current policies as well as the instruments and the knowledge of practical policy implementations. The chain actors bring to the process the existing chain practices.

The project is proceeding as an iterative process and it builds on several steps. The research project combines, among other things, the compilation and analysis of extensive data sources, action research, constructive technology assessment (CTA) and stakeholder workshops as presented later on. TBL-approach provides a theoretical framework but generation of the content of CSR is largely based on grounded theory [14].

The project draws on three different case food products: rye bread, broiler chicken products and margarine. The first two are produced by a leading Finnish bakery and a meat processing company. The last one is a private label product by a big Finnish retail company. The products and their supply chains are different, which may lead to a different content of dialogue.

The project started with intensive data collection on CSR issues throughout the chain. Workshops, on the other hand, played a central role in the project as a forum for stakeholder dialogue.

A. Data collection as a foundation for stakeholder dialogue

In the first step, chain-specific data was collected for each of the case products. The purpose of the chain data and respective CSR issues is to give a detailed

description of the production chain and current business models and, first of all, to reveal which CSR dimensions and issues are relevant and connected to the different steps and operations of the chain. Data were collected and generated by means of detailed inquiries and interviews of company representatives along the production chain, interviews of experts, discussions with key persons of the companies and using company documents, CSR reports, industry reports, statistics and other data sources on CSR issues concerning the entire production chain of the case products.

The frame for the data collection in each of the case was basically the same but depending on the product and its production chain there were some case-specific differences. For example, animal welfare issues were naturally brought out in the case of broiler chicken products while they were irrelevant issues in the rye bread and margarine cases. From the data collection point of view, the margarine case was the most challenging, since in this case we had most dimensions. First, we had two main chain actors: the retail company that have manufactured the product and the food company that manufactures the product. Second, we had two margarine products, one made in Finland and the other made in Poland. This led the research group to visit the production site in Poland and to collect data on margarine production process and productions chains of the raw materials related to the margarine product manufactured by Raisio Polska Foods. Third, compared to the two other case products, the manufacturing of margarine includes more steps and processes such as production and refining of rape-seed oil and margarine production. Fourth, both margarine products include several main raw-materials – rape-seed oil, palm oil, cocoa oil/fat, water – originated from different suppliers, which made the CSR data collection and analysis even more complicated.

All data collected during the process has been documented in order to ensure the transparency of the research process itself. All the interviews of company representatives, stakeholders and experts have been tape-recorded and transcribed. Discussions in meetings between company representatives and researchers have also been documented in memos. The data include also a lot of different documents from the case companies. A reference list on literature, studies and other data sources has also been kept up.

For each of the case, the entire production chain and processes were described in detail. This description

Forestry, the Finnish Ministry of Environment, the participating companies and research institutes.

also included origin of raw materials and products as accurately as possible as well as quality, human resource management and other management standards and systems in the companies through the chain. Main focus in data collection was in CSR issues that were classified and reported under the TBL dimensions. Some of the issues were common to all cases while the others were relevant only in the specific case. Examples of data collected under TBL-dimensions include:

- Economic responsibility: profitability of farming, industry profitability, cost structure and investments, price margins, producer- and consumer prices, history and strategy of the brand, consumer segments
- Social responsibility: well-being of farmers and workers in the production chain, wages, work safety, employee training, equality issues; animal welfare; employment effect of the production chain; origin of raw materials, product safety issues; research and development; customer satisfaction and feedback
- Environmental responsibility: description of main environmental impacts, related actions and risks, data on environmental audits, material- and eco-balances of companies; environmental impacts of the case companies, LCA-based environmental impact data on production chain

Based on the intensive data collection process, a detailed CSR chain report was written for each of the case. In the next step of the process, based on the CSR report, a leaflet with informative background material was produced. This leaflet was written in popular language and its purpose was to give the participants of the stakeholder workshop a compact description of the production chain of the case product and an idea of how the chain is functioning from the CSR point of view. The main aim of the background material was to act as a stimulus for the workshop.

B. Workshops as a forum for stakeholder dialogue

One part of the interactive and participatory dialogue between stakeholders built in the project was the implementation of workshops. The role of the workshops was to provide an open, inspirational and interactive forum for a stakeholder dialogue. They were inspired by a constructive technology assessment (CTA) type approach [15] to the question of CSR in the food chain. The aim was to promote the transfer of ideas and the encounter of representatives from

different stakeholder groups in order to ponder dimensions and content of CSR.

Stakeholder workshops for each of the case were executed in 2007 and focused on the viewpoint of production chain. The rest of the paper will be based on the description of the executed workshops and their results. A variety of actors were gained together to these workshops. The participants were recruited from three main groups. One third of the participants was business people representing supply chain, about one third consumers selected from National Consumer Research Panel, and the rest were experts and representatives of important stakeholders specific to each case. In each workshop about 30 people were invited to participate. A one evening workshop for each of the case were organised in 2007. A booklet of background information that summarised the content and findings of CSR issues of each case supply chains were sent to participants a couple of weeks before the workshop.

The workshops were conducted in the following manner. A large share of the time in the three hours workshop was devoted to group sessions concentrating on the three themes specific to each case study. For example, the themes chosen for the rye bread case were 1) raw materials of rye bread, 2) people in the production chain and 3) the responsibility of the value chain of the rye bread. The group sessions consisted of three phases: the production of CSR ideas in relation to the topic of the group, the organisation of these ideas under different dimensions of CSR, and the valuation of ideas. The course of the workshop was strictly scheduled. In the beginning of the workshop, participants wrote ideas into pieces of paper about which issues they consider important related to CSR when, for example, raw materials of rye bread were discussed. All the ideas were collected on the charts. After that ideas or topics were organised under the TBL dimensions. The moderator picked up every written topic and asked participants to evaluate in which dimensions of responsibility (environment-social-economic) it belongs. A spatial triangle was used as a representation of CSR. Both topics and their place in triangle were discussed widely in groups. When all topics were laid in the triangle participants were asked to weight ideas they prefer important. Each participant had three ++ votes and three + votes, altogether nine votes. The ideas that get most votes were collected on summary charts. At the end of the workshop findings from summary charts were shown in a brief general discussion.

The workshops were carefully documented, including: (1) tape-recordings and of all working group sessions, (2) the ideas produced by the participants in the workshop, different assemblies of these (photographs), and summary charts of the most important ideas, (3) notes taken by group facilitators (4) notes taken by group clerks, and (5) a memo compiled of notes and other documentations. Right after the workshop a workshop memo was written on the outputs of the discussions of the group sessions and a course of discussion.

III. CONTENT OF CSR IN THE CASE FOOD CHAINS

This paper reveals some summary results based on the stakeholder workshops held for the case rye bread, poultry chicken products and margarine products. In three stakeholder workshops the participants wrote altogether about 450 ideas related to responsibility issues (130–170 ideas per case). Workshop participants were asked to organise issues and points raised in the workshop into the three categories based on the TBL-dimensions. The participants found many ideas difficult to link to a particular TBL-dimension. Instead, many topics were viewed as holistic responsibility matters that include simultaneously economic, social and environmental features. In the case of margarine products, for example, one fourth of all the ideas generated were classified into the middle of the TBL triangle.

In the case of rye bread, participants wrote about 170 ideas, the majority of which related to the entire production chain. Table 1 reveals, which ideas in each group session were collected on the summary chart based on the votes given. What was interesting is that irrespective of the theme of the group session, similar CSR dimensions were highlighted. The following issues were to some extent common to all groups: environmental issues and ecology, product safety and clean environment and moderate living or profitability concerning all the actors of the chain. Especially economic conditions of farmers were seen to be quite critical in spite of a relatively high share of agricultural subsidies in grain growing. Moreover, nutritional and health issues were also discussed quite a lot. Communication throughout the chain was also considered important from the transparency perspective.

When it comes to the CSR ideas raised by the workshop participants, different sub-groups explained

and interpreted same issues in very different ways and from different angles. Environmental issues and ecology, in particular, were approached from totally different perspectives. Although environmental impacts of rye bread production such as climate change and eutrophication were reported and described in the background leaflet, quite many participants described environmental issues to be more linked to the cleanness of soil, use of fertilisers and pesticides and toxicity issues. (See Table 1).

In the case of the poultry chicken products, participants produced a total of 130 ideas. Table 2 shows which ideas in each group session were collected on the summary chart based on the votes given. If compared with the ideas of the rye bread case, there was more diversity in this case. Among the most important ideas there was no idea being shared in all group sessions. Environmental concern, however, was ranked top CSR issue in two sub-groups. An interesting observation was that when it comes to the dialogue of environmental issues, the business representatives and experts used economical terms such as eco-efficiency. Consumers, by contrast, used more environment or ecology related terms such as pollution of water. Other important responsibility issues raised by the workshop participants in this case were animal welfare, product safety issues and consumer behaviour aspect. (See Table 2).

Table 1. Summary of the most important ideas in the case of rye bread. Number of votes given by the workshop participants in parentheses. There were 9 participants in the sub-groups indicating max 18 votes per idea.

Group session 1: Raw materials of the rye bread	Group session 2: People in the production chain	Group session 3: Responsibility of the value chain of the rye bread
Ecology; sustainable cultivation (18)	Adequate margins (13)	Environmental issues (12)
Cleanness and healthy (14)	Safe products for consumers (10)	Fair price distribution in the chain (9)
National identity (12)	Take care of environmental issues (9)	Healthy / health products (9)
Continuity of farming (9)	Labour welfare* Livelihood and wages*	Flow of information (8) Safe products (7)

* Participants of this sub-group wanted to collect these ideas on the summary chart due to many produced ideas that were close to these themes although they individually did not get enough votes.

Table 2. Summary of the most important ideas in the case of poultry chicken products. Number of votes given by the workshop participants in parantheses. There were 10-11 participants in the sub-groups indicating max 20-22 votes per idea.

Group session 1: Environmental impacts of broiler production	Group session 2: Animal welfare and product safety	Group session 3: Responsibility of the value chain of the poultry chicken products
Efficiency of processes; eco-efficiency (11)	Treatment of animals (15)	Environmental issues (13)
Sustainable future (10)	Animal conditions (13)	Cleanness of products (12)
Domestic energy and food (10)	Open information flow (13)	Fair income distribution in the chain (10)
Consumption concerns (10)	Welfare of farmers	Employment effect of the chain based on Finnish broiler production (10)
Animal welfare (9)	Cleanness in the production chain (10)	Transparency and traceability of the chain (9)
Using best technique and competence (8)	Food control (9)	Hygiene issues, zoonosis control (7)
Low environmental impacts (8)	Responsible consumption (8)	

Table 3. Summary of the most important ideas in the case of margarine products. Number of votes given by the workshop participants in parantheses. There were 10-11 participants in the sub-groups indicating max 20-22 votes per idea.

Group session 1: Raw materials of margarine	Group session 2: Manufacturing of margarine	Group session 3: Responsibility of the value chain of the margarine products
Environmental impacts (9)	Safe product for consumer (13)	Satisfied consumer (12)
Socially fair production (9)	Pay attention to environmental problems (10)	Long-term planning (11)
Health impacts (8)	Labour welfare (9)	Co-operation in the food chain (9)
Economy for companies, shareholders and primary producers (7)	Detailed product information in the package (7)	Equality of employees in different countries (8)
Fair income distribution in the chain (7)	Energy savings in production and consumption (7)	Holistic understanding (7)
Traceability (7)	Create welfare by providing jobs (7)	
	Competitive quality (7)	

In the case of the margarine products, participants produced a total of 150 ideas. Table 3 shows which ideas in each group session were collected on the summary chart based on the votes given. If compared with the ideas of the other two cases, there was considerably more diversity in this case. As was the case with the broiler chicken products, no idea was shared by the all sub-groups. Ideas related to environmental issues were generated and discussed in an overall level lacking a concrete focus. Surprisingly, maybe, consumer perspective was very strong being top one CSR issue in two subgroups. Also, traceability was considered important CSR issue. In the margarine case, the multidimensional nature of the case was shown up, which might explain the diversity of the votes compare to the rye bread and broiler chicken products cases. (See Table 3).

IV. CONCLUSIONS

The results revealed some similarities on CSR issued between three different products and their production chains. The workshop participants shared the view about environmental concern in all cases. Environmental concern was common to all of the cases and shared by different chain actors. Moreover, fair income distribution in the chain, nutritional and health issues, cleanness, product safety, consumer responsibility, and, in the case of broiler chicken products, animal welfare were strongly associated with CSR of the food chain. The key question in many CSR issues seems to be transparency [see 15] of the chain, that is, it is openly told by actors in the food chain what has been done in every stage of the chain and this information is easily available for consumers and other stakeholders.

The paper shows that a task of defining CSR and producing CSR criteria for food products is really a challenge. First of all, CSR seemed to be difficult to define in terms of concrete content and criteria in the workshop. The ideas produced by workshop participants were largely very general, which makes a way towards measurement of CSR challenging. Second, the various interest groups had their own perception and ideas about the content of CSR. In the workshop, all the interest groups were keen to bring their approach and ideas to the discussion. This, however, strengthens the view, as suggested in the literature [e.g. 10] that stakeholder dialogue is really needed in building the content of CSR but that a

consensus may be difficult to find and, at least, this requires several rounds of workshops and discussions.

Life cycle assessment (LCA) approach to CSR issues received support in the stakeholder workshops. Chain-oriented approach to CSR would require of extending LCA-type approach from environmental dimension also to other dimensions of CSR, especially to social aspects of CSR. For example, what are the employment effects of the entire production chain in the case of raw materials originated from different countries. An application of the extended LCA has been pointed out for example [16]. To provide more chain- and product-specific quantitative and comparable CSR information based on the extended LCA might also help building of more concrete criteria and measures of CSR.

Anyhow, the three stakeholder workshops held have produced a lot of material, on the one hand, on the main themes related to the content of CSR in the food chain and, on the other hand, on the discussion, argumentation, and rhetoric on CSR issues between food chain players, consumers and other stakeholders. The entire research process has so far turned out to be a unique learning process for both researchers and company representatives in overall, as well as for consumers and other stakeholders involved in the workshops. CSR of companies is often criticized to be a matter of high-sounding phrases rather than concrete action. However, it seems that the representatives of case study companies are very committed to the project and its goals and are keen to consider the possibility of providing product-specific information on the CSR issues based on the results of the research project. Some of the companies have already started to use ideas and results from workshops in their management process and CSR reports. The process itself is transferable to other food chain cases as well as other industries, as applicable.

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