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## **The responsibility of global agribusiness: consequences for agribusiness research**

### **EDITORIAL**

The agri-food sector, like other industries, is currently confronted with several broad issues that impose either new constraints or new goals on the sector. Foremost among these issues are certainly various environmental concerns, such as climate change, increasing water scarcity in some regions of the world, or the loss of arable land. New goals for agribusiness stem, for example, from the gentrification of the populations of many rich countries, the rapidly growing urbanization of all countries, and the spreading obesity in many societies. These issues are undeniably important and deserve close attention by the sector. The issues should, however, not lead us to forget that the core task of agribusiness is to assure food security for all people in the world, including the two additional billions that will populate the planet by 2050 or so.

The prospect of continued world population growth invokes in the minds of many the dark spirits of Malthus. But Malthus' curse has lost its spell. Given our state of knowledge, assuring food security seems easy. We are assured by one of the world's leading students of famine, 'The prospect of a famine-free world hinges on improved governance and peace. It is as simple – or difficult – as that' (Ó Gráda, 2009: 282<sup>1</sup>). As many economists would tell us, when food markets are competitive and the sector is well-governed, the commercial spirits of agribusiness alone will assure that food supplies will satisfy consumers' demand. But are world food markets competitive, and are they well governed? Neither is assured.

Good governance requires that there is (a) some feedback about system performance in terms of the quantity, quality, diversity and affordability for consumers of food supplies, and (b) the ability of the system to react without undue delay to inadequate performance. Both the flow of information and the activities triggered by the information are embedded in an organization which is best described as an internet of supply networks that extend beyond national borders.

The ability of the networks to gather, condense, and disseminate information about the agri-food system's performance is not in doubt. There are innumerable interconnected eyes and ears that perceive food system performance failures whenever and wherever they may occur, and food commodity exchanges register food shortages in advance, mostly with high accuracy and reliability.

Will the sector act responsibly to the available information? Agribusiness agents, the ultimate industry actors, are engaged in the delivery of food to consumers in a variety of specialized activities reaching from production agriculture to processing, transportation, and distribution. Individually, the specialists cannot be obliged to assure billions of consumers that their supply of food, in terms of quantity, quality, diversity and affordability is secure. In contrast to individual agri-food industry agents, the sector as a whole cannot be relieved from its obligation to assure food security for all. Its performance is an endogenous feature of the

<sup>1</sup> Ó Gráda, C. 2009. *Famine: a short history*. Princeton University Press, Princeton, NJ, USA.

sector and the question is whether the supply networks that constitute the sector can be relied upon to meet that obligation.

The networks are stable patterns in the commercial transactions of agribusiness agents. The governance of networks is, however, mostly distributed and networks with uncontested captains are rare. And most importantly, there are in the networks no identifiable single agents or groups of agents who take responsibility if their network fails to meet its food supply obligations. In short, at the network level there is no responsibility to match the obligation. Without this responsibility the networks may or may not respond adequately to actual or expected deficiencies in assuring food security for consumers on global scale.

*Unfortunately, we do not know the circumstances under which a food supply network will respond adequately to a lack of performance and when such response may not be forthcoming.*

There is another feature of networks that gives rise to concern. Networks are stable but not permanent arrangements, they may disintegrate. The dissolution of a food supply network is of no great concern when another quickly absorbs all or most of the agents that have been orphaned by the dissolved one. As food supply networks grow under the joint impact of economies of scale, of network economies from standardization, and of information economies, there may be few or no networks to adopt agents that have been orphaned by a large network.

*We know very little about the conditions under which large networks unravel. Some simulation studies suggest that removal of agents, that is network shrinkage, may induce network instability and eventual dissolution.*

For us as agribusiness researchers the two threats to agribusiness for meeting its food supply obligation responsibly foremost imply two things. First, we need to engage in research on governance systems that allow food supply networks to adapt to actual and expected threats to their ability to meet their food supply obligations to society. Second, we need to understand the conditions under which networks tend to dissolve.

Arguably and given the global challenge of food security, such research should have at least equal priority over research on the efficiency, or sustainability of agribusiness. Moving the sector's activities beyond sustainability towards meeting its obligation may not be feasible without compromising sustainability concerns. For overcoming this barrier the sector may need to intensify its cooperation with policy makers, civil society groups, business associations, marketing groups, business representatives, as well as between individual enterprises. New kinds of responsibility networks may be needed for this task and agribusiness research may have a role in their design and evolution.

The International Food and Agribusiness Management Association and other associations in the field could provide platforms for initiating such movements. As global meeting points for research, industry and policy they provide the necessary actor mix and the necessary competence for understanding future scenarios and for moving forward with initiatives. This reaches beyond research meetings and discussions and requires intensive links between research and the various actors in the field. The responsibility of the sector for assuring food security translates into a responsibility of associations for supporting the sector in this endeavor and for providing a strong 'platform infrastructure' that allows sector agents of all kinds to leverage their combined competence and to moving forward decisively. It is our understanding that there is much room for improvements in living up to this responsibility.

As one very first step in this direction, two international journals, the International Food and Agribusiness Management Review (IFAMR) and the Journal on Chain and Network Science have joined ranks in a restructured IFAMR which is supported by a new publisher (Wageningen Academic Publishers) with high visibility in the agri-food community. With this move, the journal is prepared to cover the broad range

of issues the sector has to deal with including the challenges faced by the sector in the organization and management of the diversity of existing and emerging chains and networks on which the sector depends.

The journal encourages the scientific community to utilize its competence and to contribute to the discussion through the analysis of problems and the clarification of implications for the sector and its actors. This might ask to not only look at the past through statistical analysis but to engage in forward looking scenario-oriented research. The journal is open for developing new formats that might help to communicate research and management issues that need further discussion in the communities. Our profession is rich in theories, models, experiences and thoughts which should find its place in the journal for reaching out to all those concerned in research and sector development who are needed for supporting the sector in realizing its goals and responsibilities.

Gerhard Schiefer, Executive Editor<sup>2</sup>

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