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# **Reinforcing Sustainable Supply Chains: Lessons from French agricultural cooperatives**

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## 1. Introduction

Confronted with worldwide challenges, i.e. Climatic Change, Poverty, Food Security, Biodiversity, enterprises are increasingly involved in enhancing sustainability and societal responsibility (OCDE and FAO, 2017 ; OECD, 2018). At the heart of Agenda 2030, the 17 Sustainable Development Goals (SDGs) clearly set out the objectives for a better world. However, if the SDG Compass explains how the SDGs affect business, offering the tools and know-how to put sustainability at the heart of organizations' strategy (SDGs, 2017), companies still need more detailed instructions. "Many of the 17 sustainable development goals (SDGs) set by the United Nations are relevant to the food system. These range from ending hunger and improved nutrition (SDG2), via halting land degradation and biodiversity loss (SDG15), to forging a global partnership for sustainable development (SDG17). Nearly 10 % of the EU population can only afford a regular quality meal every second day. Europe is the continent most severely affected by non-communicable diseases. These are the leading causes of disability and death, and they are linked to the way we eat and drink. To put it another way, without fixing the food system, the SDGs simply cannot be achieved" (Poppe, 2018, p.7).

International referentials, the Global Reporting Initiative (GRI) and ISO 26000, offer guidelines for voluntary progress in applying a global approach, but the respect of these commitments is merely declaratory. How, without legal constraints, can we be sure that enterprises are truly engaged in exercising Corporate Societal Responsibility (CSR)?

More than 1.2 billion cooperative members, one in every six people on the planet, are part of some of the 3 million cooperatives in the world. They are strong and healthy: the Top 300 cooperatives and mutuals report a total turnover of 2.1 trillion USD (World Co-operative Monitor, 2017; ICA, 2016). In order to be fully productive, small farmers, fisher folk, livestock keepers and forest users in developing countries are in need of services that are often lacking in rural areas. Why should coops be by essence responsible?

This paper focuses on the concrete sustainability behavior of agricultural and agro-food cooperatives involved in Sustainable Supply Chains (SSC). We define SSC as a supply chain, which takes into account the interests of all stakeholders and consumers. Our hypothesis is that, in order to ensure real commitments of agriculture and food cooperatives, they need to include and share, equally, the entire value chain as a good way to guarantee sincerity at both consumer and shareholder levels. CSR is more of a voluntary than a coercive arrangement. Enterprises are faced with the obligation of means and not of performance results.

The background mobilized here adopts the shared value approach (Porter and Kramer, 2011). Even if 90 % of the 250 biggest world enterprises have filed a CSR report, very few have taken concrete measures for their value chain (KPMG - UNGC, 2016): it is the supply chain which is considered as the key for an effective policy.

Our methodology uses an original French database covering all 186 agricultural cooperatives engaged in sustainable processes (i.e. a specific 3D Diagnostic tool used by small enterprises), including the 16 certified in Afaq 26000. We complete this by interviews of Managers. We analyze their commitment to the sustainable paradigm change. The study analyzes their motivations, how they engage their cooperatives and producers, and how they measure their social and environmental impacts. We identify the factors encouraging farmers to adopt sustainable management practices.

The results show that (1) proximity with consumers is a major motivation in innovating and adopting sustainability practices, thereby rendering (2) opposition between large and small companies less significant. We suggest that Sustainable Supply Chains could provide an effective measure of positive impacts, combining global as well as local levels. This approach could prove useful in reconciling the commitment of both large and small cooperatives. Our findings consider the appropriate mechanisms for the relational structuring of supply chains,

since the quality of close interactions between stakeholders is essential for their sustainability (ARETE, 2016; UNGC, 2017). It is a combination of territorial (stakeholders and community) and supply chains that allows global goals to be successfully converted into local business (SDGs, 2017).

## **2. Is CSR a part of cooperatives' DNA?**

The Brundtland Report (1987) underlined three essential dimensions of Sustainable Development: economic, social and environmental (GRI and UN Global Compact, 2017, 2018 ; Peeters 2003 ; Dufourcq and Besse, 2004). There is legal definition of what a responsible enterprise is. Being responsible does not refer to legal injunctions, but is based more on a concrete engagement. At the international level different referentials exist in order to help enterprises engage in more responsible commitments. So, how does this justify enterprises' motivations to develop CSR commitment? In the absence of legal constraints, different referentials exist in order to guide efforts to implement this responsible approach. ISO 26000, and its application to food chain ISO 26030 is the only international norm.

### **2.1. Even though CSR is not a legal obligation, CSR behavior/adoption is increasing**

The law does not define what a socially responsible corporation is. In the USA in 2010, the legal statute of *Benefit Corporation* in the State of Maryland, was the first to legally define a social responsibility corporation. It inspired the *Social Purpose Corporation* in California in 2012 followed, in 2013, by the *Public Benefit Corporation* in Delaware. A Benefit Corporation is a type of corporation currently recognized in 27 states, with legally protected requirements of higher purpose, accountability, and transparency. "A Benefit Corporation must provide a general public benefit, namely, a material positive impact on society and the environment as a whole" (Storper, 2015). Thus, in the absence of a legal definition, only their commitment to a CSR certified initiative attests to their decision (Porter and Kramer, 2006, 2011).

Various labels have been developed in order to justify corporate responsibility behavior where no legal statute exists; but also to manage the contradictions between social and environmental impacts and fiduciary constraints under US law regarding shareholder rights. The B-Corp label, 60 % of whose 2,400 corporations are American, plays a major role in the development of this recognition. As indicated in the B-Corps website (2018), this growing community is composed of more than 2,100 Certified B-Corps from 50 countries and over 130 industries, working together toward one unifying goal: to redefine success in business. "Individually, B-Corps meet the highest standards of verified social and environmental performance, public transparency, and legal accountability, and aspire to use the power of markets to solve social and environmental problems. B-Corps are for-profit companies certified by the non-profit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency" (B-Corps website, 2018). "Many people use the terms "B-Corp" and "Benefit Corporation" interchangeably. While similar in concept, there are important differences. B-Corp is the term used for any for-profit entity that is certified by the non-profit B Lab as voluntarily meeting higher standards of transparency, accountability, and performance. Think of it as the Good Housekeeping Seal of Approval for businesses voluntarily trying to do well by doing good" (Storper, 2015). Stubbs

(2017) confirmed, by an empirical study, the fact that B-Corps used profit more as a means than as an objective.

Consequently, CSR is part of Soft Law: **“Doing well by doing good”**. As their CSR commitment constrains firms to be more transparent regarding their social contract with stakeholders, the risk for their reputation has increased (UE, 2018). Companies need to demonstrate their performance on the triple bottom line (People, Planet, Profit). “In less than 10 years, the integration of CSR criteria into the variable remuneration policies of companies has become widespread: the number of CAC 40 companies (benchmark French stock market index) integrating CSR criteria has increased continuously, from 10 % in 2006 to more than 70 % to end 2015” (ORSE, 2018, p.1). But how do companies measure their progress?

Where no legal statute exists, the simplest solution for companies is to publish an extra-financial report. The integration of an extra-financial criterion, combined with the economic criteria already in place (operating profit and turnover growth, for instance), aims to better reconcile short-term objectives for operational performance, with objectives for creating sustainable long-term value and shareholder interests (ORSE, 2018). Building a simple criterion (only one dimension) versus, by contrast, building a ‘complex’ criteria, should aim to mobilize them around the company’s CSR strategy as a whole (the criterion could be, for instance, an index showing the average progress of the company on several topics which are part of CSR strategy). The integration of an extra-financial criterion alongside economic criteria (Profit and Growth in turnover) makes it possible to reconcile the short- and long-term in the creation of value. If we look at the annual extra-bonuses of directors, they increase from 10 to 30 % for 78 % of companies (ORSE, 2018). But for all enterprise sizes, CSR seems to be becoming an interesting managerial tool, which needs to be adapted to the specific company configuration. 21 objectives (health, climate change, human rights...) are all criteria for constructing a complex index combining several dimensions to progress in the extra-financial rating (reporting).

However, if extra-financial reporting is compulsory for large enterprises, certain practices are not systematically sustainable. So how do companies manage all these criteria? Expectations of transparency for shareholders are increasing, and information must be provided on the links between CSR and economic impacts on the company's strategy. The problem is that only 54% of CAC 40 companies communicate on their methodology, and on the criteria for measuring their performances, but only 13% indicate the level they plan to achieve (France Stratégies, 2016).

Concerning agricultural cooperatives, many scholars point out that the increase in their size is accompanied by a certain sense of distance. Two criticisms are generally made: On the one hand, cooperatives become animated by a business-orientation rather than a societal spirit toward their associates and, on the other hand, the Principle 8 (of commitment to the community) is abandoned in favor of the creation and sharing of more business-oriented values. But managerial literature indicates that CSR is an increasingly attractive form of behavior and could prove a way to reconcile cooperative principles and business strategy. Sacconi and Degli Antoni (2008) introduce a clear distinction between types of CSR: (1) Friedman (1962), with the principle of maximization of shareholder’s value, (2) Baron (2005), with a type of philanthropy and (3) Freeman (1984), with the interests of all the stakeholders. In the contractarian approach, the firm is an institution that arises in order to solve the incompleteness of contracts and bounded rationality. Acquier and Aggerri (2008) distinguish three CSR schools: Business Ethics, Business and Society and Social Issue

Management. The economic impacts of CSR are not easy to demonstrate (Porter and Kramer, 2006). How do we explain CSR development? Could the relative non-remuneration of managers explain why CSR is not applied so often? How does CSR become a tool of performance and competitiveness for cooperatives?

### **2.3. ISO 26000: leading up to CSR**

*Global Deal initiative for Global Gap transforms CSR into Responsible Business model to ensure sustainability.* So, referentials exist in order to attest to responsible commitments: Global Reporting Initiative (GRI and UN Global Compact, 2018) and, for another example, Global Good Agriculture Practices for fruit and vegetables in France.

Global Reporting Initiative (GRI) is a Non-Governmental Organization created in 1997 in order to produce guidelines for economic, social and environmental performances (directives of G4 GRI and ISO 26000). GRI is a Sustainable Development Report that indicates possible effects of enterprise good practices.

The International Organization for Standardization (ISO) recognizes around 20,000 standards, with a code to differentiate between ISO 9000 for quality standards, 14,000 for environmental standards, 22,000 for safety management systems, and 26,000 for the safety system CSR (Afnor, 2018).

The ISO 26000 is the only international standard that aims to provide organizations with the guidelines of social responsibility (SR). This document describes the principles and themes covered by the SR, and proposes a method and implementation for an organization, whatever its size and areas of action. To define the perimeter of their SR, the ISO 26000 standard invites organizations to articulate their approach around seven central questions: the governance of the organization (1), human rights (2), the relations and conditions of work (3), the environment (4), the loyalty of practices (5), consumer issues (6) and, finally, the Communities and local development (7). The SR, as described by ISO 26000, has a progress initiative that is part of a search for overall organization performances.

These standards are voluntary, but may give rise to certifications (e.g. ISO 14001). They rely on technical guides to help their implementation (TC or TX code), and are developed within the framework of technical committees. The ISO 14000 standards include standards that aim at complementary dimensions of environmental management in the logic of the triple certification: quality, safety and environment (in connection with ISO 9001, ISO 14001 and new ISO 45001) in order to achieve global risk management.

Historically, at the global level, the creation of ISO 26000, like that of the various environmental standards (Clerse-Ifresi, 2006), is in line with the Brundtland Report (1987). Published in 2010, this has been adopted in more than 80 countries. Agreement AC X30-030 is dedicated to the specific needs of the food industry. It helps companies collecting, storing, processing and / or shipping-selling agricultural products and foodstuffs, enrolling sustainable development through a socially responsible approach.

The norms have certain common characteristics: to be self-declarative, to provide a global figure on the basis of a set of criteria chosen from within the frame of reference, to indicate the march of progress and not have an obligation of result. This allows the company to be situated in a set. To be recognized ISO 26000 is to obtain a mark out of 1000, which attests to commitment to the approach. Afnor has been relying on Afac for 10 years. When awarded, the label is valid for 3 years, renewable (Afnor, 2018).

We suggest the idea that to become an engine of enterprise strategy, CSR needs to be a part of the enterprise's organizational capital. For food companies, the CSR approach can prove to be a true vector of innovation and competitiveness. Agreement AC X30 – 030 (ISO TC 34, 2016) provides an illustration in the agriculture and food context for each of the 7 core issues of ISO 26000. What does performance mean, if it is not translating ethics into values and resilient strategy? In this case, enterprises switch from shareholder maximization (Friedman, 1970) to stakeholder value extended to the whole community (Freeman, 1984 ; Porter and Kramer, 2011). This indicates a change of goal, one which associates economy, social, environmental, human and culture into a more sustainable perspective. How, in that case, does the goal changeover come into operation?

### **3 Case: Responsibility in French agricultural cooperatives**

The number of French agricultural cooperatives is 2,600 enterprises, with 80 % of Small and Medium enterprises for 85 billion euros in turnover, and 3 out of 4 farmers (Coop de France, 2017). With 1 out of 3 brands, cooperatives represent 40 % of food supply chains.

French agricultural cooperatives have improved various CSR tools. Beyond reporting and other good practices, ISO 26300 takes into account the sectorial specificity of their progress approach.

We use original data based on all French agricultural cooperatives engaged in CSR in order to analyze their motivation, thanks to Valorise Plateform<sup>1</sup>. Valorise Platform is a specific tool dedicated to sectorial-labeled ISO auto-evaluation. This complements existing tools in order to take into account all supply chains, from producer to consumer. The Valorise Platform is a web tool for distributors and producers. Created in 2017, it brings together 4 professional federations, namely, Ania (agro-food industries), Coop de France (cooperatives), FCD (associated trade) and FEEF (Federation of Enterprises and Entrepreneurs of France). Its goal is to simplify the whole process by grouping information from suppliers to their distributor customers in a single form. The evaluation of cooperative commitment in CSR is based on AFAQ 26000.

#### **3.1. CSR Commitment of French agricultural and agro-food cooperatives**

As for Investor companies, sustainable behavior is described in an extra-financial report. This is a legal obligation for stock companies, and also concerns large cooperative groups. Ever since 2010, policy measures have been proposed in order to guide farmers: "Ferme Delphy", "Ecophyto certification".... Agricultural cooperatives have been pioneers in terms of environmental practices, quality process and product differentiation. They develop Agriconfiance Certification and 3D diagnostic in order to guide farmers to improve their sustainable behaviors.

In environmental matters, Agri Confiance® is based on the implementation of a certification (standard Afnor NF V01-007: "management system for the quality and the environment of agricultural production").

3D is the diagnostic tool based on the ISO 26000 standard and its sectorial variation in agreement X030-030 for the food industry, the G.R.I. (Global Reporting Initiative) and the Global Compact (Coop de France, CSR Reporting Support, Guide, 2018).

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<sup>1</sup> Special thanks to Benjamin Perdreau, in charge of CSR and Valorise Plateforme at Coop de France for data

This diagnostic tool was "specially developed to make CSR accessible to agribusiness companies, especially SMEs. It allows the intervention of external 3D experts, to identify a maximum of practices developed in companies to position them in a social responsibility approach (Coop de France, 2018).

Having your CSR performance evaluated is done through the AFAQ 26000 evaluation.

Our case study mobilizes an original database of all those agricultural cooperatives which have engaged a 3D Diagnostic since 2008<sup>2</sup>. We have 186 enterprises (Tables 1 and 2). In this population, we identify 96 agricultural cooperatives, 76 food cooperatives and 8 subsidiaries in Commercial Law and 6 other companies. We complete by Managers' interviewees.

Sectorial representation reveals a domination of cooperatives in Wine, Fruit & Vegetables, Meat, followed by Cereals, Prepared Food, Pastry, Dairy (Coop de France, 2018). Geographical distribution is related to sectorial activity: all regions are concerned, but at different levels. New Aquitania is a pioneer region for the introduction of these sustainable commitments. This is due, first, to the implication of local professionals in the definition of sustainable labels and, second, to the fact that local policy makers have financed diagnostics and engagement in 3D diagnostics. Occitania and Midi-Pyrenees Regions have also accompanied their enterprises in sectorial sustainability.

It should be borne in mind that for Agriconfiance certification, the 123 cooperatives engaged in 14 supply chains represent 32,440 farmers, i.e. around 10 % of all French exploitations (Website Agriconfiance, Data 2016, consulted in 2018).

Table 1: 3D enterprises in size

Enterprises	Number
Large Enterprise	1
ETI <sup>3</sup>	18
PME	142
Micro Enterprise	25
<b>Total</b>	<b>186</b>

Table 2: Sectorial sectors of the 3D enterprises

Sector activity	Number of Enterprises	Sector activity	Number of Enterprises
Alcohol	1	Dairy	10
Supplies	1	Honey	1
Aquaculture	6	Trading	1
Other	6	Feed	2
Aviculture	3	Pastry	11
Cereals	15	Perfume Plants	1
Chocolate	2	Prepared Food	12
Water	1	Multipurpose	7
Fruit & Vegetables	38	Seed	1
Oil	2	Meat	21
Insemination	5	Wine	39
		<b>Total</b>	<b>186</b>

<sup>2</sup> 11 companies in 2008, 8 in 2009, 33 in 2010, 9 in 2011, 23 in 2012, 26 in 2013, 17 in 2014, 28 in 2015, 20 in 2016 and 7 in 2017. 4 are unaffected. (Coop de France, 2018).



This database considers all those French agricultural and food cooperatives which had engaged voluntary sustainable commitment. In this database, for the total population of 186 enterprises with a 3D Diagnostic, we have all the French cooperatives engaged in ISO 26000: 16 coops (Coop de France, 2018). This number may seem low when compared with the 2,600 cooperatives, but it is representative of the agricultural and food sectors. For all the 16 ISO normalized (“The ISO 26000 Club”), 75 % are confirmed, 17 % are in progress, and 17% are exemplary in terms of the 581/1000 points references based on AFNOR indications (Coop de France, 2018). For all 16 cooperatives, most are medium size (PME and ETI); only one is a large cooperative group, but with ISO 26000 normalization for the total group (coop and subsidiary).

As the ISO 26000 is costly in terms of normalization (8,000 €), 5 of those cooperatives have not reengaged this normalization, even if they still pursue good practices.

More precisely, 9 of the 12 ISO 26000 are in Wine, 2 in Cereals and 1 in Fruit & Vegetables.

### **3.2. Lessons from « The ISO 26000 Club »**

Analysis of The ISO 26000 Club is not easy, due to the limited number of enterprises engaged, but certain points can be highlighted. Even if it is difficult to establish a global profile, we can, nevertheless, observe certain patterns.

The ISO 26000 Club is dominated by the Wine and Fruit & Vegetables sectors; the enterprises are of medium size, and the strategic driver seems to be product differentiation.

Based on the declaration of the managers, CEOs and Chairmen, we were able to identify a number of key factors. The commitment to ISO 26000 is fully incorporated in their global strategy. ISO normalization is the result of a path-dependent trajectory with multi-commitments (ISO 9001, ISO 1400...), so long-term commitment is essential. In this perspective, for the managers, CSR commitment is very much bound up with cooperative governance. Employees need to work closely with cooperative owner-members in order to impulse the normalization. ISO 26000 is a source for the better commitment of employees to serve their cooperative, and for better market differentiation, but also to take into account the risk to cooperatives’ reputation. CSR commitment is an increasingly useful differentiation criterion for shareholders. For example, ISO 26000 is an accepted signal for banks, attesting to the real commitment of cooperatives to good practices. Even though the norm is voluntary, this label influences the perception of clients and distributors. It plays a role in developing a sustainable business model.

For managers, it is a way to mobilize employees in the global project and to develop innovations. CSR enhances the relationships with producers because most of these good practices are generated by consumer pressures concerning the environment (pesticides, biocontrol, water,...). In this perspective, CSR is a means for reinforcing interactions between the production side, while paying attention to consumer demand.

The fact that the wine sector predominates is due, on the one hand, to the anteriority of good practice commitments (3D but also, ISO 9001, ISO 14001...) and, on the other hand, to environmental impact sensitivity. IFT indices for pesticide uses are highest in the Wine and Fruit & Vegetable sectors. Sanitary prevention policy, as well as enterprise reputation image for consumers, have acted as early incitation drivers. Technical advisory (for 3D) and financial regional supports were essential to accomplish the switch to good commitment.

“Vignerons de Buzet”, the pioneer cooperative in developing environmental strategy, which is now recognized by ISO 26000, had their initial commitment based on the research of

differentiation product strategy. The proximity of the cooperative to Bordeaux and its ensuring Wine Appellation, triggered research on finding a way to innovate and differentiate their wine. This cooperative went on to associate their CSR engagement with the aim of entirely refocusing their enterprise project.

The ISO 26000 normalization was obtained after a long standardization process, other additional environmental commitments, and customer specifications. In 2005, thanks to their previous collaboration with an external advisor for ISO 9001 and ISO 14001, the cooperative participated in the creation of “collective 3D” for the definition of Diagnostic 3D (Interview of P. Philippe, CEO, 2018). Their project management organization revolves around environmental issues, reconciling employees and owner-members, constraining them to work together for new solutions. The dynamic thereby created included both economic and social dimensions. “CSR is like a source of inspirations and motivations” (Interview of P. Philippe, 2018). Initially, as mentioned, this medium size cooperative experienced certain economic difficulties due to its Bordeaux area proximity. As the localization of cooperative owner-members is constrained, the cooperative needed to develop local projects, including a local employment strategy.

ISO is a collective involvement organization project. The decision to enhance CSR behavior was taken by the Directory Board composed of four vineyards, which had the management mandate. “We started with the environmental dimension, which was more natural for them” (Interview of P. Philippe, 2018). Without specifically assigned employees, as is the case in larger companies, the whole worker-force was mobilized. “The client specifications came afterward to guide the practices and to justify the interest of the strategy” (Entretien P. Philippe, 2018). If governance is considered as the determinant asset needed to implement the strategy, follow-up is essential. CSR will become a powerful tool for giving sense and motivation to both employees and producers. “Setting up a path is more important than the result objective” (Entretien P. Philippe, 2018). As explained by the CEO, CSR initiatives today are increasingly focused on bonds needed to obtain bank loans, and in contracting with distributors to “prevent risks”. ISO 26000 does not just come about by chance! More than a mere strategy, it is goal and work in progress, a trajectory and not a final point.

So: certification or volunteering? Real conviction or marketing cosmetic?

Cooperatives and producer organizations provide an array of services ranging from:

- 1) Enhancing access to and management of natural resources;
- 2) Accessing input and output markets;
- 3) Improving access to information and knowledge;
- 4) Facilitating small producers’ participation in policy-making processes.

#### **4. How do cooperatives balance their economic, environmental and social goals?**

- **What do we learn?** Environment, social, economic goals need to be bound up with governance. How do cooperatives manage such organizational changes?

Close examination of “The ISO 26000 Club” indicates the rise of two types of cooperative. On the one hand, pioneer cooperatives engaged CSR behavior reflecting their cooperative values. In such “Value Driven” cooperatives, the engine corresponds to the motivation for shared collective action on a local basis. Their economic performance comes from the reconciliation of the short- and long-term. On the other hand, “Business-oriented cooperatives” engaged in CSR behavior mostly in terms of profit expected. In these “Business opportunity” cooperatives, CSR is more a tool for improving their economic activity by increasing their market shares, respecting client or supplier specifications, and securing their

reputation. In such cooperatives, the driving force is more concerned the expectation of profit for a better redistribution to producers. The managers can use CSR in order to exercise pressure on owner-member decisions.

Even if all cooperatives do combine the three dimensions (economic, social and environmental), their motivations differ. Their strategy can give rise to more complex combinations, without taking into consideration size, organizational structure, geographical localization and sectorial activities.

#### **- From shareholder maximization to stakeholder approach**

To become an engine of enterprise strategy, CSR needs to be a part of organizational capital. What is performance if it does not mean translating ethical values into good business to enhance resilience?

The literature confirms the fact that CSR is an alternative to stakeholders' deviance (Freeman, Porter and Kramer): from shareholder maximization to stakeholder approach. Friedman (1962, p. 70) pointed out that profit maximization was the "*raison d'être*" of enterprises. Berles and Means (1932) justified the separation between shareholders and managers. Faced with financierization, ILO (2018) suggests reinforcing CSR. Both Freeman and Porter and Kramer defend the idea of extending shared-value to the community. This indicates a change in an enterprise's goal toward a more responsible social perspective. But, in the case of cooperative enterprises, the CSR incitation for managers is less a question of financial counterparts, as in Agency Theory perception (ORSE, 2018), than an involvement of owner-members in collective action. Consequently, in what way can CSR contribute to cooperatives trying to satisfy their purpose? CSR is particularly useful in involving all stakeholders and the community. CSR aims to realign values and cooperative principles. In the absence of certification, the best guarantee is to secure the commitment associating customers and suppliers in order to create a sustainable demand supply chains. Brand reputation, market shares and stakeholder value depend on sustainable operations. The creation of an ecosystem is a good way to ensure CSR. But, increasingly, the idea that CSR should be considered a business strategy is gaining ground (Roetlands, 2013, 2014).

The economic impacts of CSR are, however, not easy to demonstrate (Porter and Kramer, 2006). We need to take into account a multi-dimensional approach (SDG Compass, 2017). This requires us to (1) enhance our understanding of the processes used in competing; (2) identify the indicators to develop specific measures, propose new tools, measure commitments, solidarity, and performance.

How do cooperatives change their corporate management? How can they reinforce collective action for a better world?

#### **- Cooperatives function as ecosystem actors with new definition of performance (local/territorial anchorage, including consumers and loyalty)**

CSR stresses the practices of the organizations engaged in it. If it is difficult to measure the impacts of such practices, it is easier to identify the emergence of eco-systems combining supply chains and local development. "... Circular economy, digital transformation and especially big data and robotization, new uses, fragmentation of markets, territorialisation of governance ... All this leads to a new conception of performance that can no longer be only global, but enriched with local specificities. Therefore, cooperation is a lever of performance. This cooperation induces co-responsibility" (OREE, 2017, p. 85). CSR needs a multidimensional approach. Creation and development of the eco-system imply that CSR should be a part of intangible capital. This means reconciling financial and extra-financial logics.

Taking into account resilience, market shares but also democracy, environmental efficiency ... corresponds to some of the criteria of SDG and ISO 26000 guidance for action. CSR and cooperative values are both closely entwined. It seems difficult to define coercive regulation. In our case study, the results underline the fact that CSR represents progress in behavior more than constitutive quantitative measurement. But certifications like HVE level 3, give concrete indications to help pave the way and measure the risk. "...It is this growing (*new social*) complexity which opens up new spaces for the creation of enterprises whose mission is to respond to the new needs of both the people and the community through activities performed by people within the community who wish to be an active and participative part of this process" (Bianchi, 2013, p.31). This is not a question of merely creating new green enterprises in the energy or waste management sectors; rather there is the opportunity to reshape the entire production structure, through an action which may be described as "greening the industry" (Bianchi, 2013). The transformation of the food system should make it more sustainable, resilient, responsible, diverse, competitive and inclusive (Poppe, 2018).

## 5. Conclusion

This article provides an original agricultural cooperative case study in order to discuss the measures and incitations needed to enhance CSR in food chains.

The results focus on the conditions of how cooperatives combine competitiveness, member needs and respecting cooperative principles in the food chain, as well as achieving the transition to sustainable agricultural development.

Cooperatives are not "in essence" responsible. But their values encourage them to be responsible, by including social and environmental dimensions. If the cooperative DNA is close to CSR, it is because this is congruent with its ethical and cooperative values. *CSR is the way*. However, CSR needs to be supported by a true commitment of both members and employees in order to satisfy enlarged community needs. Being a cooperative does not exonerate from engaging a CSR strategy. *CSR needs to involve all stakeholders*. If CSR corresponds to cooperative principles, commitment to it needs a real implication of managers and owner-members.

Respecting cooperative principles means exercising responsibility, but that it is not enough. The fact of doing so must be made known. Nevertheless, for the cooperatives, commitment to CSR contributes as an internal tool to make sense of the cooperative and external commitments, or to put cooperative ethics at the service of customers, consumers and the community. *CSR is a smart genius business model*. Cooperatives are seeking meaning to associate and recreate their social links with consumers. This is part of the evolution of the business model in contributing to the implementation of a responsible approach.

Is CSR a true alternative to Stakeholder drift? Does CSR provide another perspective to enterprise? The debate is open. Do we need to have voluntary CSR or certification? As is the case for other enterprises, the question is open!

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