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# CORPORATE SOCIAL RESPONSIBILITY IN THE AGRIBUSINESS: A RESEARCH FRAMEWORK

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# CORPORATE SOCIAL RESPONSIBILITY IN THE AGRIBUSINESS: A RESEARCH FRAMEWORK

*Matthias Heyder\* und Ludwig Theuvsen\*\**

## Abstract

In this paper we analyze the relevance of a corporate social responsibility (CSR) strategy for enterprises in the agribusiness. Based on an overview about existing approaches to cope with conflicts in the agribusiness, we define CSR and introduce a conceptual framework that provides insights into the determinants of CSR and its effects. These are in particular, the legitimacy and reputation, and finally, the performance of enterprises in the agribusiness. Being mutually confronted with multiple stakeholder goals and relationships, it could be notably promising for enterprises in the agribusiness to pursue a CSR strategy.

**Keywords:** Corporate social responsibility, reputation management, stakeholder theory, legitimacy, CSR

## 1 Introduction

In recent years, the agribusiness has been confronted with numerous crises and conflicts. The perception of consumers and other stakeholders regarding the agribusiness is increasingly critical and risk-conscious (HADDOCK: 2005). Mainly disparities between consumers' perceptions and agricultural reality can be observed (BRUHN: 2003). As a result "general discontent with the industrialization of agricultural production and food provision systems has put agribusiness and the food industry at the core of societal debates" (JANSEN AND VELLEMA: 2004, 4). Almost every step of the food value chain is criticized due to a number of reasons. In this context negative externalities of food production and ethical or moral concerns are debated mostly. There is no distinction between traditional (for example, animal production) as well as new (for example, bioenergy) production technologies in the agribusiness (HEYDER AND THEUVSEN: 2008). Also the pure image of organic farming, mainly brought to the policy agenda due to BSE, and other food scares, such as GMOs, pesticide residues and chemical food additives (JANSEN AND VELLEMA: 2004) has been damaged by the detection of a long-time illegal pesticide in organic food in 2002 (PIEL: 2003).

Nevertheless, the upstream and downstream sectors of the agribusiness are even more in the focus of critical stakeholders such as nongovernmental organizations whose influence capacity has been growing (GERLACH: 2006). Input industries such as plant protection and fertilizer producers are being charged for systematically contaminating the environment (JANSEN AND VELLEMA: 2004) and seed companies are criticized for their engagement in the field of genetic engineering, whilst the use of GMO for food production is treated with ethical condemnation by society (BECKER: 1999). For the food and beverage industries mainly health (SCHÄFER ELINDER ET AL.: 2006) and sustainability issues are of growing importance. Furthermore, dishonest practices such as corruption, bad corporate governance, poor working conditions in work-intensive industries, for example the meat-industry, or meat scandals (SPILLER ET AL.: 2005) have led to crucial trust losses on the consumer side.

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Additionally, it has to be pointed out that individual scandals of several enterprises are brought to the public in a generalizing way. In the worst case this has negative effects for the whole sector. As a result, these factors threaten the acceptance and legitimacy of the agribusiness in total and, finally, in the long term also the success of enterprises within this sector. Against this background, legitimacy is considered as a resource that guarantees the survival of an enterprise in the long run (PALAZZO AND SCHERER: 2006). In this context legitimacy means the confirmation of social norms, values and expectations by an organization (OLIVER: 1996).

More recently, it is discussed in the literature whether corporate social responsibility (CSR) is an appropriate instrument for obtaining acceptance and legitimacy of business operations (MÜLLER AND SEURING: 2007; HISS: 2006). Also within corporate activities in the agribusiness CSR gains more attention, represented by the increasing number of companies that publish either CSR, corporate citizenship or sustainability reports.

The objective of this paper is to develop a theoretical framework that provides a basis to determine whether pursuing CSR could be a successful strategy for enterprises in the agribusiness which find themselves increasingly in the public focus due to recent food crises and growing consumer requirements towards standards of food production. More specifically, it is analyzed whether CSR can contribute to enhancing reputation and legitimating business operations.

In the first part of the paper, we analyse the literature addressing interrelations between society and the agribusiness and identify the existing research gap. Secondly, we provide a synopsis of different CSR definitions since it has been discussed whether CSR is a strategy to gain legitimacy for business operations (HISS: 2006). Based on this, we develop a theoretical framework that allows identifying the central forces behind the interrelationships between a CSR strategy, legitimacy and reputation as well as corporate performance. We conclude with some theoretical and managerial implications and outline some future research directions.

## **2 Research strands analyzing business to society interrelations**

### **2.1 Agricultural economics research**

Different streams of research within agricultural economics have been analyzing the conflict between the agribusiness and society and possible solutions. Most research focuses on animal production or the prestige of agriculture. For reducing the conflicts concerning agricultural investments mainly permit, conflict and relationship management have been employed (SEKUL: 2003; GERLACH: 2006).

The lost trust of consumers in the food system brought quality management, certification systems, and transparency into the focus of agricultural economists (JAHN ET AL.: 2004; FRENTROP AND THEUVSEN: 2006). Environmental reporting is discussed as an instrument to meet society's environmental concerns (HADDOCK: 2005). A more often analysed research topic has been the prestige of the agribusiness. Publications in that area have focussed mainly on improving the image of agriculture (VON ALVENSLEBEN: 1998; PIEL: 2003; SCHEPER: 1999) or transferring a positive image onto the products of the food system (LANGOSCH AND SCHLENZ: 1990). In recent years, the issue of sustainable agriculture has also been broached (KANTELHARDT AND HEIBENHUBER: 2005; VORLEY: 2004). Nonetheless, existing approaches to improving stakeholder relations in the agribusiness, for example supplier or customer relationship management (SPILLER AND WOCKEN: 2006; SCHULZE ET AL.: 2006; TORRES ET AL.: 2007), concentrate mainly on just one stakeholder, in most cases on a firm's input or output side, and do not consider societal issues in general. Only few publications exist with regard to stakeholder management in the agribusiness (BOSTON ET AL.: 2004) and corporate social responsibility (SCHIEBEL AND PÖCHTRAGER: 2003).

Despite the high potential for conflict in the agribusiness only a few research studies have yet been undertaken in the field of agribusiness relations to society, even though the relevance of integrating societal demands of the external environment – for example, concerning animal welfare, food safety, environmental concerns and the use of GMOs (GRUNERT ET AL.: 2005) – into firm strategies in food chains has been recognized (BOSTON ET AL: 2004). All in all, existing conflict lines between the agribusiness and society have not been addressed sufficiently by agricultural economists. Especially analyses of the determinants and effects of the legitimacy of production technologies in agriculture as well as agri-food industries have been neglected in this context.

## **2.2 General management literature**

General management literature provides a broad basis for analyzing and understanding the interrelations between society and economy. Primarily, the market-based view in industrial economics (DRUCKER: 1954; DREHER: 1994; KOHLI AND JAWORSKI: 1990) and neo-institutional<sup>1</sup> theories (DIMAGGIO AND POWELL: 1991; SCOTT: 1987; OLIVER: 1988) have been employed in this context. Contingency theory and the stakeholder-management perspective (FREEMAN: 1984) also shed some light on enterprise-stakeholder relations. Furthermore, public relations management targets on the enhancement of corporate reputation. It is not the aim of this paper to give an extensive overview about all different theoretical strands analysing business and society interactions. We focus on neo-institutional approaches since their broadened perspective allows understanding of firms embedded in a social environment (HISS: 2006).

In the 1950s, PARSONS (1956) introduced the research programme of neo-institutional approaches. He pointed out that organization analyses even for intra-organizational structures have to be embedded in societal structures (PARSONS AND SMELSER: 1956). The macro-institutional approach in neo-sociological institutionalism introduced by, for example MEYER (1977), MEYER AND ROWAN (1977) and DIMAGGIO AND POWELL (1991) explicitly focuses on the interdependencies between enterprises and their societal environment. From this perspective, enterprises are conceptualized as parts of society embedded in mutual construction processes and legitimacy coherences. Firm behaviour is understood as being part of corporate social construction processes, a perspective applicable far beyond profit goals. This view can be distinguished from the more normative corporate and business ethics perspective. It enables us to take into account aspects of moral legitimating (HISS: 2006) and, furthermore, allows to relativise the assumption of profit-maximising rational actors.

## **2.3 Corporate social responsibility research**

Recently, from a neo-institutional point of view, it is discussed whether CSR is a tool to obtain legitimacy (HISS: 2006). Before we are analyzing this noteworthy question, we provide a common definition of CSR as well as a synopsis of the theoretical perspectives on CSR.

Although the concept of CSR has gained a prominent position in general management literature (DE BAKKER ET AL. 2005), there is still uncertainty about an adequate definition<sup>2</sup> (DAHLERUD: 2006). CARROLL (1999) catalogues 25 distinct definitions of CSR in the literature. Similar terms, for example corporate citizenship, accountability or good corporate governance, are often used synonymously (HISS: 2006). Nevertheless, a multi-stakeholder dialogue conducted by the EU has concluded that CSR can be defined as a concept that on a

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<sup>1</sup> “The New Institutionalism in organization theory and sociology comprises a rejection of rational actor models, an interest in institutions as independent variables, a turn toward cognition and cultural explanations and an interest in proportions of supra-individual unity of analysis that cannot be reduced to aggregations or direct consequences of individuals’ attributes or motives.” (DIMAGGIO AND POWELL: 1991, 8)

<sup>2</sup> For an overview see DAHLERUD (2006); DE BAKKER, GROENEWEGEN AND DEN HOND (2005); HISS (2006).

voluntary basis integrates social and environmental demands into business operations and the interrelationship with stakeholders of enterprises (EUROPEAN COMMISSION: 2001). In a very similar way, the World Business Council on Sustainable Development (WBCSD) defines CSR as a concept that embraces “the integration of social and environmental values within a company’s core business operations and to the engagement with stakeholders to improve the well-being of society” (WBCSD: 2002). Unlike most definitions of CSR, the definitions of the European Commission and the WBCSD take environmental topics into consideration. Since environmental issues are crucial for the agribusiness, we follow this broader approach according to which CSR means the responsibility of an enterprise for the effects of its business operations on the environment, its employees and society.

Despite the often synonymous use of the terms CSR and corporate citizenship, a clear distinction is needed because the concepts behind both terms are not fully congruent. The most common definition regards corporate citizenship as a part of CSR (DUBIELZIG AND SCHALTEGGER: 2005a). CARROLL (1998) developed a model based on the aforementioned definition which will be applied in this study. According to CARROLL (1998), CSR incorporates economic, legal, ethical and philanthropic responsibility. An enterprise acts *economically responsible*, if it is offering societal wished goods and services at fair prices. Through selling these goods and services, the enterprise secures employment and contributes to the wealth of society. This has to take place in compliance with laws (*legal responsibility*). *Ethical responsibility* includes compliance with rules and values even if they are not legally codified. These rules and ethical values given by the society may determine the playground of companies more than laws can. Compliance with these guidelines is equivalent with acting within the frame of legitimacy. *Philanthropic responsibility*, being equal to the corporate citizenship concept, stands for different philanthropic actions of enterprises, for example charity. It is also called corporate giving or giving back to society because society enables economic success (DUBIELZIG AND SCHALTEGGER: 2005b).

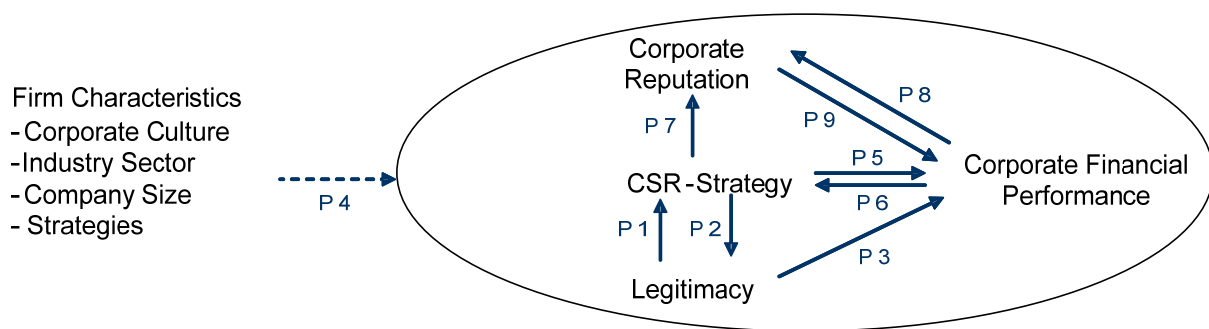
HEYDER AND THEUVSEN (2008) developed by the “house of CSR” a broadened CSR model which consists of CARROLL’s four columns of responsibility based on the fundament of the triple bottom line of sustainability. The latter one is a concept seeking to balance the economical, ecological, and social performance of an enterprise (LOEW ET AL.: 2004; ELKINGTON: 1994), because referring to HABISCH (2003) the aim of CSR is gaining a win-win situation for the enterprise and society.

According to the definitions of CSR there is a voluntary basis for pursuing CSR strategies. The answers to the questions, whether or not business should undertake CSR and what forms that responsibility should have, depend very much upon the economic perspective of the firm that is adopted. According to the neo-classical view of the firm, the only social responsibilities of business are the provision of employment and taxes (FRIEDMAN: 1970). The most famous example of this perspective is the principle of maximising shareholder value. Other theoretical strands, such as behavioural theory, view CSR from a perspective that analyses the political aspects and non-economic influences on managerial behaviour. “Proponents of CSR claim that it is in the enlightened self-interest of business to undertake various forms of CSR. The forms of benefit that might accrue would include enhanced reputation, employee loyalty” and to maintain legitimacy by the community, governments and employees which goes beyond a short-term maximisation of profits in the neo-classical view (MOIR: 2001, 17). A third theoretical strand besides enlightened self-interest and neo-classical theory is a moral approach stressing social expectations. In particular, the reference to social legitimacy is noteworthy. This implies that there is some form of social expectation that a legitimate business would conduct in a specific manner or, in MOIR’s (2001) words, “in effect some form of social contract.” Following the neo-institutional approach that focuses on the social embedding of business, we will notably analyse this particular context.

### 3 Conceptual framework for the interrelations between the agribusiness and society

Since the field of business to society interrelations is yet emerging, no widely accepted integrating framework exists (HARRISON AND FREEMAN: 1999). BARNETT (2007) introduced a contingency-theoretic framework which we have further developed to better explain the manifold effects of CSR strategies. The model guided our generation of propositions that better fit to the situation in the agribusiness (figure 1). In our framework, we focus on the effects CSR strategies can have directly or indirectly via reputation and legitimacy on corporate performance. We have deliberately excluded all other factors that determine firm performance and concentrate on the interrelations of firms in the agribusiness with their social environments.

**Figure 1: Conceptual framework**



#### 1. Obtaining legitimacy using corporate social responsibility

The central problem of an organization is legitimating its goals, structures and processes (PARSONS: 1956). Legitimacy in this context is understood as the conformation with social norms, values and expectations (OLIVER: 1996). Legitimacy is subjectively perceived and ascribed to actions or institutions through social constructions (BERGER AND LUCKMAN: 1966). For organizational survival legitimacy is vital as it is a precondition for the continuous flow of resources and the sustained support by the organization's constituents (PARSONS: 1960; PFEFFER AND SALANCIK: 1978). Persons or institutions losing legitimacy have difficulties entering processes of social exchange as their partners have lost the trust in their compliance with social rules (PALAZZO AND SCHERER: 2006). Therefore, enterprises are dependent on qualified acceptance by the public that exceeds just accepting business operations, which in the worst case, could be socially unwished. More precisely, this means that institutions receive their „license to operate“ only under the condition of not acting illegitimately (SUCHANEK: 2004). Actions are legitimated, if within a social system they are evaluated as being appropriate and right within a socially constructed system of norms, values, beliefs and definitions (SUCHMAN: 1995). Overall, enterprises are forced primarily to meet the expectations of the society without scrutinizing them (SCOTT AND MEYER: 1994). An organization is seen to be legitimated if it follows „socially acceptable goals in a socially acceptable manner“ (ASHFORTH AND GIBBS: 1990). TÜRK (2004) concedes that the value orientation of an organization has to be based on overall societal values. For this reason, taking over societal, social and ecological responsibility by enterprises is one central research topic in market-based management (MÜNSTERMANN: 2007). More recently, from a neo-institutional perspective, CSR has been discussed as a concept for legitimating business operations because enterprises are increasingly forced to legitimate their activities by direct

disputes with their stakeholders. In other words, existing conflict lines provoke successful management to adjust the goals of enterprises to the interests of the societal environment (ZERFAB AND SCHERER: 1993).

In general, different kinds of organizational legitimacy exist. SUCHMAN (1995) differentiates between pragmatic, cognitive and moral legitimacy.

Pragmatic legitimacy results from the calculations of the corporation's key-stakeholders or the wider public. Regarding them as self-interested individuals, they ascribe legitimacy to an enterprise as long as they benefit from the activities of the enterprise. This could be, for example, directly through payments or cost reduction or indirectly through benefiting from the output of the macroeconomic system as a whole. Diligent stakeholder-management or strategic manipulation of perceptions through, for example, instrumental public relations management can be instruments for influencing key stakeholders or the wider public (SCHERER AND PALAZZO: 2006).

Cognitive legitimacy emerges when society regards an enterprise and its output as necessary and unavoidable. Cognitive legitimacy is located mainly at the subconscious level; therefore, it is difficult for enterprises to directly influence and manipulate perceptions strategically (OLIVER: 1991). However, cognitive legitimacy can be achieved by an enterprise through orientation on certain roles they are supposed to fulfil in society (SCOTT: 1995).

Moral legitimacy refers to conscious moral judgements regarding the output and procedures of an enterprise. Moral legitimacy is the result of explicit public discussion and in SUCHMAN's (1995) view, enterprises gain moral legitimacy through actively participating in these discussions.

These are the fields linked to CSR where societal legitimacy is acquired. The four columns of CSR contain multiple starting points to secure legitimacy which is „considered as a resource to guarantee the corporation's continued existence” (PALAZZO AND SCHERER: 2006). Discussions about CSR are primarily focused on the pragmatic or the cognitive approach but for different reasons, for instance internationalisation, moral legitimacy is becoming increasingly important for enterprises (IBID.).

In sum, the more enterprises are in the focus of critical stakeholder groups and NGOs or in the public focus due to scandals, the more CSR actions are seen as an appropriate means to regain legitimacy. Nevertheless, the pursued CSR strategies have to be elaborated and to be regarded as credible by society else wise the companies can get even more in the focus of pressure groups (PALAZZO AND RICHTER: 2005). On the other side, an improved legitimacy facilitates companies to gain higher profits in the long run because with increased legitimacy it is less probable that enterprises are in the focus of protests and, thus, the risk of being target of, for example, consumer boycotts or campaigns of pressure groups is decreased (HISS: 2006). The following propositions summarize the interrelations between CSR and legitimacy as well as between legitimacy and corporate financial performance:

*Proposition 1: The worse the legitimacy of an enterprise is, the more probable it is that enterprises start to pursue CSR strategies.*

*Proposition 2: The implementation of CSR strategies improves the legitimacy of companies and production processes.*

*Proposition 3: The better the legitimacy of an enterprise is, the better is its long-term financial performance.*

## 2. Firm characteristics influencing CSR strategies

Firm characteristics can also have a direct influence on the shape of CSR strategies. Regarding strategic management, mainly the depth of CSR anchoring within the management system and the business and corporate strategy are influencing the CSR strategy. For example,



concerning the business strategy, HISS (2005) argues that the more differentiated an enterprise is, the more threatened it is by critical stakeholder groups. HALBES ET AL. (2005) argue that the smaller an enterprise is, the more important becomes its differentiation via CSR. Otherwise, small and medium sized enterprises (SMEs) will use different and probably cheaper CSR instruments than multinational corporations (MNCs). We propose that CSR strategies of SMEs are more addressed to their regional environment, for example by fostering youth welfare services in their local communities, whilst the CSR engagement of MNCs could target even on global problems, such as sustainable rainforest initiatives. Also corporate risk management is influencing the CSR strategy. Enterprises aiming to improve their risk management are more likely to pursue CSR strategies (EUROPEAN COMMISSION: 2002).

Moreover, normative management has to be considered and also taken into account. Corporate culture, corporate policy and the related values, missions and targets provide several links to CSR. Furthermore, it can be assumed that organisational processes may have an impact on the implementation of CSR strategies (MÜNSTERMANN: 2007).

In addition to that, the industry sector and the firm's position within the value chain affect CSR. PALAZZO AND RICHTER (2006) could show for the tobacco industry that CSR strategies in industry sectors with a bad legitimacy should be more elaborated to secure credibility by society otherwise enterprises could get even more in the focus of critical stakeholders by the sheer announcement of their CSR activities. This aspect should be kept in mind also for the agribusiness, for example regarding GMO. Furthermore, the more downstream based an enterprise in the food value chain is, the more relevant are CSR issues. The bigger and the more internationalised enterprises are, the more relevant is the issue of risk reduction through CSR (HALBES ET AL.: 2005). We hypothesize:

*Proposition 4: A multitude of management and environmental factors influence the shape of CSR strategies.*

### 3. Direct effects of CSR strategies on corporate financial performance

A few years ago the business case for CSR had been a much challenged topic. Meanwhile, a multitude of studies, conducted to detect the dependencies between CSR and corporate financial performance, shows that enterprises pursuing CSR strategies are more successful than those that do not (ORLITZKY ET AL.: 2003; MACKEY ET AL.: 2007; CRAMER: 2002).

One can assume that the direct effects of CSR on corporate financial performance (CFP) are due to better matching stakeholder demands. In this context also the internal aspect of CSR becomes important. The motivation of employees is a fundamental goal of many CSR strategies (SCHIEBEL AND PÖCHTRAGER: 2003), and, finally, fosters corporate productivity. Furthermore, one can think of, for instance, improved energy efficiency due to the implementation of environmental management systems which directly leads to lower costs and increased financial performance. On the other side, numerous studies show that strong financial performance results in increased CSR (MARGOLIS AND WALSH: 2003). Nevertheless, negative effects of a good financial performance on CSR are also possible. BARNETT (2007, 808) argues that CSR engagement by firms with a very good financial performance might be recognized critically because "excessive CFP indicates that a firm is extracting more from society than it is returning and can suggest that profits have risen because the firm has exploited some of its stakeholders in order to favor shareholders and upper management." In this context, we suggest following the triple bottom line of sustainability in the "house of CSR" (HEYDER AND THEUVSEN: 2008) in order to balance economical, ecological and social performance. This could represent a helpful guideline for the success of CSR strategies.

Further propositions summarize this argumentation:

*Proposition 5: Pursuing CSR will have direct positive impacts on the financial performance of enterprises.*

*Proposition 6a: The better the financial performance of a company is, the more money is spent on CSR strategy.*

*Proposition 6b: The better the financial performance of a company is, the more important becomes the consideration of the triple bottom line within the CSR strategy.*

#### 4. Reputation building using CSR and the role of reputation for corporate performance

CSR cannot only legitimate business activities but also enhance the prestige of “responsibly” acting enterprises and, thus, fosters their financial performance through improved reputation. Reputation and image are often used synonymously (BUSS: 2007) to picture the prestige of an enterprise or its products. Therefore, management tools that are used to improve the prestige of an enterprise are called reputation management (WIEDMANN ET AL.: 2007) or image management (BUSS AND FINK-HEUBERGER: 2000) without further distinguishing between both terms.

Since recent years, an increasing share of enterprises recognizes that image and reputation can have an important impact on their market value and prestige. Although both terms are often used synonymously, a distinction between the terms image and reputation seems appropriate. Whilst from the perspective of the enterprise image is regarded as the desired prestige, reputation is the prestige of an enterprise from an external view (SCHWALBACH: 2000). Furthermore, image is a term originally used in behavioural science and incorporates subjective views and beliefs of an object whereas the term reputation is derived from institutional economics and game-theory and refers to the trust capital (BODENSTEIN AND SPILLER: 1999). Or in FOMBRUN’s (1996, 72) words “a corporate reputation is a perceptual representation of a company’s past action and future prospects that describes the firms overall appeal to all of its key constituents when compared with other leading rivals.” From an institutional perspective we distinguish between image and reputation in the way described before and employ reputation when referring to the perception of the prestige quality of an enterprise.

Corporate reputation is treated as an intangible firm-level asset (FOMBRUN: 1996). Additionally, FOMBRUN (1996) argues that a positive reputation can provide a competitive advantage similar to brand equity. It enables firms to charge premium prices because according to YOON ET AL. (1993) a positive reputation has been shown to affect customers’ buying intentions (NEVILLE ET AL.: 2005). Furthermore, other studies conducted by LITTLE AND LITTLE (2000) indicate that companies with a stronger reputation due to their CSR show slightly higher price-earnings ratios. Concerning customer loyalty and reputation, the quality of communication about CSR becomes crucial. The more open the communication about CSR is, the better is the reputation of an enterprise (HALBES ET AL.: 2005). Moreover, transparency and sustainability becomes increasingly important for institutional investors. From this perspective the good performance of companies listed in sustainability indices, as the Dow Jones Sustainability Index or the FTSE4Good could be explained. Furthermore, corporate reputation in many cases is strongly linked to their financial performance. For example, common reputation rankings as *Fortune’s* Most Admired Corporations result from, rather than predict, CFP (BARNETT: 2007).

In sum, we propose several statements concerning the interrelations of CSR strategy, corporate reputation and corporate financial performance:

*Proposition 7: Pursuing CSR strategies and open communication about them strengthens the reputation of a company.*

*Proposition 8: The better a firm's financial performance is, the better is its reputation.*

*Proposition 9: The better a firm's reputation is, the better is the financial performance of a firm.*

#### **4 Conclusions, managerial implications, and further research**

We discussed the interrelationship between CSR strategy, legitimacy and reputation and corporate performance. The model developed has interesting theoretical and managerial implications. From an academic perspective, our theoretical model provides a more comprehensive understanding of the determinants and effects of CSR in the agribusiness. From a managerial perspective, alternative strategies for improving firm performance can be derived from the framework. These strategies include, for example, popular ideas such as sustainable food production or good corporate citizenship. Implementing CSR could be an appropriate means to legitimate business activities, especially in the agribusiness. In combination with a better reputation an improved "license to operate" could make enterprises, operating in the since recent years highly criticised agribusiness, more immune against campaigns of pressure groups. Against this background, there is vast empirical evidence that pursuing CSR strategies can enhance the financial performance of enterprises. In the agri-food chain, reputation is of outstanding importance for the long term success of firms. Following a CSR strategy and being a "good citizen" in the community can be a suitable way of gaining reputation and conciliating public opinion towards the chain.

Meanwhile, some agribusiness firms, mainly from industries with threatened legitimacy, have partly recognized the high importance of these issues. Westfleisch, Germany's third-largest slaughterhouse, e.g., has just recently relaunched its CSR guidelines under the programmatic title "Quality Partnership Program". Through these guidelines, Westfleisch has committed itself to fair business practices and the consideration of the company's stakeholders' legitimate interests (WESTFLEISCH: 2007). Other examples, as the sustainability initiative of Nestle (SAIN) and Unilever's sustainability report, demonstrate that pro-active actors in the field of CSR exist in the agribusiness as well.

Due to the widespread conflicts in the agribusiness, further research is needed. Empirical research that highlights the status quo of CSR activities as well as the perception of enterprises involved in the most vital conflicts in the particular sub-sectors of the agri-food chain could provide a basis for deducting sub-sector specific CSR management strategies. This procedure goes beyond KIRCHHOFF's (2006) proposal for a perception analysis that helps to prepare a CSR strategy and to get special knowledge about the needs and the evaluation of stakeholder-groups.

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