

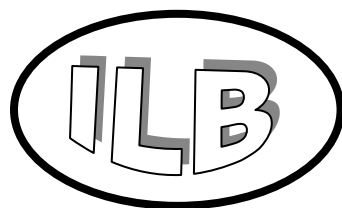
# **System Dynamics and Innovation in Food Networks 2009**

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## Moving from Corporate Social Responsibility to Supply Chain Responsibility: The Case of a Leading UK Food Retailer

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### Abstract

The paper investigates the evolution from corporate social responsibility to supply chain responsibility via the examination of a leading UK food retailer. These two concepts differ substantially and illustrate contrasting approaches in terms of social responsibility development and application. A qualitative case study methodology is used where managers from that leading retailer and its suppliers, industry experts and representatives from professional bodies are interviewed. An observation of an ethical audit with a retailer's supplier was also conducted. Findings show an example of good practice in the area of corporate social responsibility in the supply chain and illustrate the substantive progress that can be made in achieving supply chain responsibility. At the same time, the paper provides the specific challenges in developing from a corporate social watchdog approach to one in which the power in the chain is more balanced and where a holistic approach requires to be taken to social responsibility. Considering the scarcity of work examining empirically the issue of corporate social responsibility in food supply chains, this study demonstrates an evolutionary process and its stages based on an examination of the food retailer's supply chain and the corporate social responsibility approach it has taken with its suppliers. We also illustrate a range of key implications that need to be considered by both managers and policy makers and we provide a range of areas where further research is required.

**Keywords:** *Corporate social responsibility; Supply chain responsibility, Food supply chain, UK, Waitrose*

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### 1. Introduction

In this paper we advance the theoretical understanding of corporate social responsibility and the supply chain. We use the empirical example of the U.K. food retailer Waitrose to illustrate this conceptual development. We argue that corporate social responsibility, defined as the 'consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm to accomplish social (and environmental) benefits along with the traditional economic gains which the firm seeks' (Aguilera *et al*, 2007: 836-7), is an inadequate concept for

capturing the necessary level of social responsibility for the whole *supply chain* critical in today's complex and integrated economic context. We develop a new approach called *supply chain responsibility* (SCR). Supply chain responsibility is the chain-wide consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the supply chain to accomplish social (and environmental) benefits along with the traditional economic gains which every member in that supply chain seeks. Importantly, however, we argue that even in the best case examples, SCR has not yet been achieved in practice. Instead, current best practice is reflective of a corporate social watchdog approach which is focused on the socially responsible credentials of a single actor in the chain being pushed up the supply chain. The next two sections examine the relevant literature, followed by a section analysing the methodology applied. The findings from a case study from the UK supermarket Waitrose are presented in a separate section. We reflect on corporate social responsibility, corporate social watchdog and supply chain responsibility and how Waitrose's practices illustrate these different conceptual phases.

## 2. Literature Review

Research on supply chain social responsibility is multidisciplinary in nature and can be found in both the purchasing, supply chain management, logistics (e.g. Carter and Jennings, 2002; Cooper et al, 1997; Cox, 2004) and the business ethics / CSR (e.g. Hamann *et al*, 2005; Maloni and Brown, 2006; Preuss, 2000; Roberts 2003) literature as well as in mainstream management (e.g. Liker and Choi, 2004; Munson and Rosenblatt, 1999; Wright *et al*, 2007). The small business/ entrepreneurship literature presents a supplier perspective (e.g. Arend and Wisner, 2005; Homlund and Kock, 1996). This is also a topic of great interest to policy makers, with reports and position papers from relevant non-governmental organisations and government bodies (e.g. BRTF, 2003; Ram and Smallbone, 2003; Spence, 2006).

### 2.1 '*Negotiation*', *Honesty, Openness and Trust in Supply Chain Relationships*

The power balance and type of relationship between buyers and suppliers will in turn affect the terms of engagement of the association and how they are negotiated and altered over time. Holmlund and Kock (1996:37) note that small suppliers are more or less 'captives' in the buyer relationship, being dependent on their relationship and in a weak negotiation position, often with no real choice but to do what is asked of them (Cox, 2004). Munson *et al.* (1999) identify how power dominance can be used in terms of pricing control (e.g. putting pressure on suppliers to reduce costs), inventory control (e.g. requiring just-in-time delivery from suppliers), operations control (e.g. requiring compliance with quality, environmental or social standards). Carter and Jennings (2002) identify ethical issues relating to honesty in the supplier relationship including lying or misleading a supplier, for example when a buyer exaggerates the seriousness of a problem to gain concessions from a supplier (Cooper *et al.*, 1997; Wood, 1996), or sharing information about suppliers with competitors. The trend towards closer relationships between suppliers and buyers can cause ethical problems if representatives get to know each other too well and lose their objectivity as working relationships become personal relationships (Wood, 1996; Atkinson, 2003). While clear-cut cases of bribing are clearly unethical, the line becomes blurred when disproportionate gifts are offered and accepted which are not relevant to the business being proposed (Spence, 2006).

## ***2.2 Supplier Selection and Delisting: Enabling Supplier Diversity***

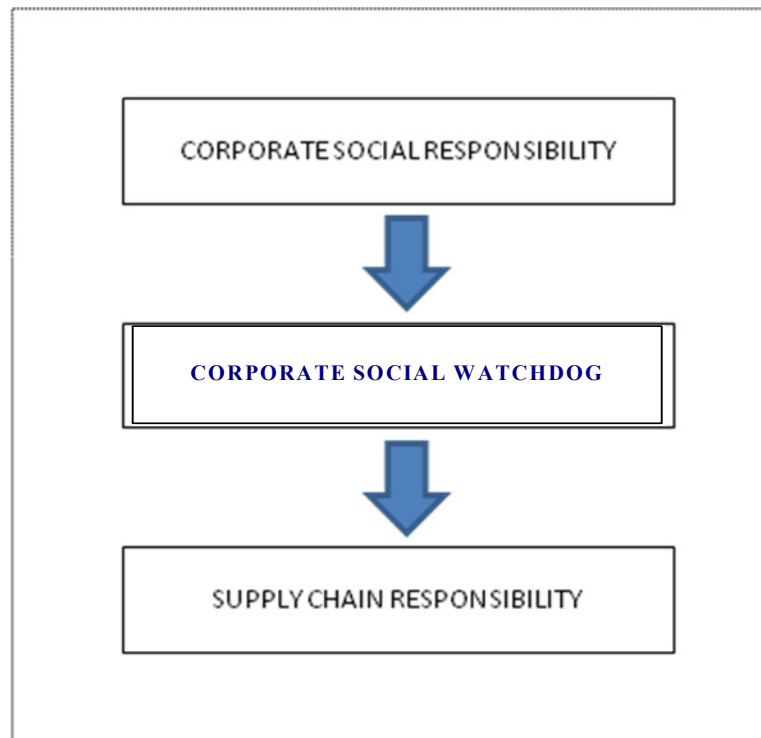
Supplier diversity (SD) refers to initiatives that aim to increase the number of different suppliers such as ethnic-minority owned, women-owned, disabled owners which are often SMEs (Ram and Smallbone, 2003). There is a tendency in supplier selection to focus on large, well established suppliers (BRTF, 2003, p.9). SMEs are more likely to offer innovative solutions and products, better customer care and after-sales service, a more flexible and responsive approach to changing needs, and local access and, therefore, a speedier response (BRTF, 2003: 7). Here we look separately at the selection issues around SMEs. However, SMEs can be disadvantaged in the supply chain by factors such as supplier rationalisation, programmes of standardisation, complex invitations to tender (Ram and Smallbone, 2003:189), aggregation and compliance with voluntary standards requirements. Ethnic-minority business, women owned and disabled owners might additionally face direct discrimination. Even CSR requirements may be a disincentive to working with smaller organisations which are unlikely to engage in formal standards (Graafland, *et al* 2003; Spence 1999), and encourage large firms to concentrate on few suppliers (Hamann *et al*, 2005: 14).

## ***2.3 Extended Responsibility: Auditing vs engagement***

The literature on social responsibility and suppliers tends to focus on the requirement by large companies to take responsibility for their suppliers' activities. Preuss (2000, 152) is one of the few who engages with the appropriateness of this extended responsibility and asks "*whether the whole process of a company imposing criteria on suppliers, even if they are socially responsible, can lay claim to a moral quality or whether it simply represents an extension of buyer power over suppliers.*" Lamprecht (2000) argues that an organisation should trust the craft and competence of the supplier, not interfering with their practices. Demands made, often by multiple customers, may be incommensurate with normal operating practices (Spence, 2006) given that small business' operational practices are quite different from those of large firms (Holliday, 1995; Spence 1999). Small suppliers might not use the same tools or language of ethics as large firms, they often have perfectly laudable practices in ethical terms (Murillo and Lozano, 2006). However, the supply chain is the most important pressure for most small suppliers to engage with CSR (Hamann *et al.*, 2005: 14) and there are learning opportunities for the SME in supply chain management (Macpherson and Wilson, 2003). When a large customer commits to extended responsibility for its supply chain, the current trend is for it to engage in a programme of monitoring suppliers taking the form of audits. Jamison and Murdoch (2004) point out that at best an audit can only take a snapshot of what is happening in a supplier business but often does not explore why it is happening or how the situation can be improved. Without effective follow-up and engagement, audits alone are unlikely to be effective (Fabian and Hill, 2005). Normally, traditional audit approaches won't work for small suppliers which are unlikely to have the necessary written procedures and bureaucratic structure in place favoured by audit processes.

## **3. From Corporate Social Responsibility to Supply Chain Responsibility**

In this section we outline the theoretical development from a situation of CSR to the new ideal which we are advancing, Supply Chain Responsibility. We propose that a middle stage in this process is key, that of the Corporate Social Watchdog (see Figure 1).



Source: The authors

**Figure 1.** From CSR to CSW to SCR

### ***3.1 Corporate Social Responsibility***

Where social responsibility issues have been made operational, the standard practice is the well established one of CSR. While it is a contested concept (Lockett, *et al.*, 2006), a consensus of sorts has been reached on the core characteristics of CSR. These are that it is voluntary, involves internalizing or managing externalities, encompassing a multiple stakeholder orientation, with alignment of social and economic responsibilities, includes both practices and values and goes beyond philanthropy (Crane, Matten and Spence, 2008, 7-8). The UK Government definition is as follows:

*“CSR is essentially about companies moving beyond a base of legal compliance to integrating socially responsible behaviour into their core values, in recognition of the sound business benefits in doing so”* (<http://www.csr.gov.uk/ukpolicy.shtml>)

While stakeholder engagement is part of this approach, the focus is clearly on the corporation as an entity at the hub of its stakeholders, suggesting a rather egocentric view of the operating environment. Where the CSR approach is dominant, the corporation views itself as having no closer a relationship to its supply chain partners than other stakeholders. This reflects adversarial relationships that are characterised by open market negotiations around price-based factors. This position could be illustrated by Nike in the 1990s, when they had social responsibility programmes and codes of conduct but did not consider the labour conditions in their supplier companies to be of concern to them. This is a view which they have radically changed in the subsequent decades (see Zadek, 2004). The unilateral perspective of CSR would be reflected by an inward looking Code of Conduct in which emphasis is put on the organisational ethos. In such an organisation, in order to understand the perspective on social responsibility in the supply chain, we should look to the purchasing ethics of the buyers (Carter and Jennings, 2002) and their individual motivations (Bakker and Kamann, 2007).

### 3.2 *Corporate Social Watchdog*

As awareness of the corporation's embeddedness in the supply chain becomes clear – perhaps through a public scandal such as that experienced by Nike (Zadek, 2004), or the Morecambe Bay Cockle pickers tragedy (Meadowcroft and Blundell, 2004) – the corporation's members are made aware of the impact which irresponsible behaviour by their suppliers can have on them. This matches a general approach which takes the corporation from the nodal point of its stakeholders in dyadic relationships to being the dominant organisation in a supply chain network. Hence, the corporation moves to more co-operative stages aiming to coordinate the exchange of its values in the supply chain. Activities of others in the supply chain become a risk to the reputation of the corporation. This risk can be mitigated by extending responsibility through the supply chain (Faisal *et al* 2006; Spekman and Davis, 2004). This notion of extended responsibility we will call the Corporate Social Watchdog approach (CSW). The major dominant corporation – commonly a supermarket in the food sector – acknowledges its dominant and powerful position in the food chain and, rather than disassociate from suppliers, seeks to set the standards and to guide them according to the corporation's values and expectations that is another case of coordination of value exchange in the supply chain. At the extreme, it may be viewed that the corporation takes a paternalistic degree of moral responsibility for the suppliers, acting in *loco parentis*, almost as if they were subsidiaries of the corporation. This approach may be motivated by good will, but is also in the enlightened self-interest of the corporation. In the CSW approach the relationship between the corporation and its suppliers becomes a dominant focus of consideration. Cox (2004) has noted that despite a rhetoric of partnership and win-win situations, power differences remain an issue. Indeed, SMEs can be very sceptical about partnership with large organizations (Morissey and Pittaway, 2004). There is some evidence that the power imbalance and inevitability of such stances is understood and accepted by small suppliers (Hingley, 2005).

### 3.3 *Supply Chain Responsibility*

We are proposing an approach to responsibility which goes beyond both CSR and CSW to take a perspective from the whole of the supply chain called Supply Chain Responsibility (SCR). SCR is the chain-wide consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the supply chain to accomplish social (and environmental) benefits along with the traditional economic gains which every member in that supply chain seeks. The key features of SCR are:

- A chain-wide commitment to achieving social (and environmental) benefits.
- The legitimacy and possibility of all links in the chain to have a voice.
- Genuine partnership approach.
- Acknowledgement of different approaches to ethics by different organisational forms within the supply chain.

For a significant shift to be made from CSR to CSW to SCR, all members of the supply chain need to be committed to the achievement of social and environmental goals as well as economic ones. In many respects, the public mood has shifted, with an expectation of social responsibility across the private and public sectors. CSR and CSW are both focused on the dominance of the individual corporation. The shift to SCR requires the expansion of activity to the whole supply chain. SCR involves taking responsibility beyond the extended enterprise (Spekman and Davis 2004), and requires others than the dominant corporation to find their voice, and indeed have it

heard. Where SCR is the approach taken, all members have a contribution to make in terms of how the responsibility should be played out. This might include individual suppliers, representative trade associations, trade unions and consumer bodies. Supply chain responsibility also puts relationships and partnerships at the heart of tackling social responsibility issues, requiring more sophisticated management (Johnsen *et al.*, 2008). This is the partnership approach that is based on collaboration where each member commits to that partnership. It allows the joint planning of goals, objectives and supply chain activities between individual firms aiming to achieve a highly committed, integrated partnership based on open two-way flow of communication and information sharing. Implicit in the CSR and CSW approaches is the privileging of the assumed standard of ethics of the corporation over the practices and actions of other organisations and groups in the supply chain. In SCR this is not the case no one organisation's ethics should dominate the chain and the social responsibility and ethical standards are determined via partnerships along the chain.

#### 4. Methodology

In our empirical work, we employed a qualitative case study methodology aiming to facilitate the in-depth exploration of the case- in hand and to provide rich knowledge of a specific context. The data represented here is drawn from a wider research study on ethics in the UK supply chain completed for the Institute of Business Ethics (for the full report see Spence, 2006). The primary source of information was interviews with key decision-makers in organizations which is a typical interrogative method in case research (see Miles and Huberman, 1994). Over 25 interviews were carried out with people from the case study companies, suppliers, a small business professional body, a purchasing professional body and industry experts. Interviews were recorded, transcribed and analysed to present a rounded picture of the company with input from different perspectives in relation to supply chain issues. In addition, an observation was done of an ethical audit with a Waitrose supplier, given the pseudonym here of F&V. The qualitative analysis was undertaken by identifying key themes, which is a common approach in this discipline and is known as "thematic" analysis (Banister *et al.*, 1994). More specifically, the "thematic" analysis is a coherent way of organising primary material and enables data to speak for itself (Banister *et al.*, 1994). Specific quotes from the interviewees are provided in the next section because they are of some value in defining, supporting or elaborating the researcher's interpretation of events.

#### 5. Case Example: Waitrose<sup>1</sup>

Waitrose Ltd is over 100 years old with 173 supermarkets and has 3.8% of the UK supermarket market. Annual turnover exceeds £3billion. It is part of the John Lewis Partnership which has an unusual system of co-ownership which incorporates 64,000 employees, called 'partners'. The lack of traditional shareholders gives Waitrose a certain freedom to act according to its principles rather than responding to the demands of increasing shareholder value. With its historically ethically aware perspective, dealing with social issues is not new terrain for Waitrose. Corporate policy and strategy for CSR in the John Lewis Partnership is developed in relation to the environment, responsible sourcing, community investment and partner (employee) welfare. These issues are managed by a risk assessment approach. Each year all the potential CSR issues relating to the four key areas mentioned are reviewed in terms of significance to the business based on legislation, cost, stakeholder concern (customers, partners, suppliers) and whether the organisation has the ability to change and respond. Key to the organisation's success in terms

1. Some of the data presented here also appears in Spence (2006).

of the fairness of its supply chain is the engagement of the Head of CSR with responsible sourcing, which is framed in business as well as ethical terms. There is a raft of activity at Waitrose which is overseen by the Responsible Sourcing Steering Committee. The Committee comprises of Heads of Department of those areas involved in the practical day-to-day realities of buying and trading including food technologists, buyers, ethical trading experts, elected representatives and marketing professionals. To date there is no external representation on the Responsible Sourcing Steering Committee, which indicates a CSR approach of this aspect of the activities. The types of initiatives undertaken at Waitrose and overseen by the Responsible Sourcing Steering Committee are illustrated below, and demonstrate a keen concern for social responsibility issues in the supply chain, reflecting a *CSW* approach. These include two cross-sector initiatives:

- Cross-sector initiatives:
  - Temporary labour practices in the supply chain

In the fresh produce sector Waitrose identify the key sector-specific issues as health and safety, proper remuneration for workers, bonded labour, exposure to risk and temporary labour. The Morecambe Bay cockle picking disaster when 23 illegal Chinese immigrants died in February 2004 highlighted the problem of poor temporary labour conditions, resulting in the establishment of the Temporary Labour Working Group<sup>1</sup> (of which Waitrose is a member). All temporary labour now has to be licensed and achieve acceptable minimum standards for labour provision.

- Suppliers Ethical Data Interchange (SEDEX)

SEDEX came about because Waitrose and a number of other retailers realised that suppliers were required to go through discrete audits for each customer, with resource implications for suppliers and inconsistencies between codes. Audit data on individual suppliers is shared through the SEDEX webpages and all Waitrose's supplier audit information is managed through SEDEX. The Board, which the Waitrose Head of CSR was elected to direct in 2005, is responsible for ensuring that SEDEX is commercially astute and ethically guided.

- Responsible Sourcing Code of Practice

This is the flagship of Responsible Sourcing at Waitrose and was launched in 1999. It covers the employment of children, forced labour, health, safety and hygiene, discipline, freedom of association and employee representation, working hours, equality of treatment, wages, and regular employment. The Code (see [www.johnlewispartnership.co.uk/](http://www.johnlewispartnership.co.uk/)) draws particularly on the International Labour Organisation standards (see [www.ilo.org](http://www.ilo.org)).

- Risk Assessment

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1. The Temporary Labour Working Group is a cross-sector agreement, its members including supermarkets, food manufacturers, food wholesalers and importers, trade unions, farmers, growers and the temporary labour providers. They have agreed a Code of Practice for Labour Providers to Agriculture and the Fresh Produce Trade and is intended as a model of co-operative working. Labour providers are encouraged to register their intent to comply with the code and be audited accordingly. The code covers basic business requirements (e.g. tax and national insurance payment), taking on workers, conditions of employment and treatment of workers. For further details see [www.lpcode.co.uk](http://www.lpcode.co.uk).



Potential new suppliers are required to complete a detailed self-assessment questionnaire and analysed according to a pre-determined weighted analysis of areas of vulnerability. High risk organisations are subsequently required to undergo an independent two day ethical audit against the Responsible Sourcing policy at their own cost. To put this in context, the Head of CSR notes that there are:

“always areas of non-compliance in every audit report, the issue is how significant they are”. Suppliers are not de-listed as a result of initial non-compliance but a programme of corrective action is agreed and monitored. Indeed, there is a move by Waitrose to get away from focusing on ethical assurance to engaging with suppliers in tackling the issues and determination to manage the business risks in a way which is sustainable and “has the least burden on our suppliers” (Head of CSR, John Lewis Partnership).

- External supplier accreditation schemes and quality control

Waitrose seek further assurances of quality products through external accreditation schemes (such as the Assured Food Standards) and their own. In the UK food chain Assured Food Standards (AFS) are the primary body for accreditation, using the Red Tractor scheme (see [www.redtractor.org.uk](http://www.redtractor.org.uk)) and the British Retail Consortium guidelines (see [www.brc.org.uk](http://www.brc.org.uk)). The main sections of the Standard are: HACCP System, Quality Management System, Factory Environment Standards, Product Control, Process Control, Personnel. These are monitored by Waitrose food technologists, who are a face-to-face representative of Waitrose and able to note other (ethical, social and environmental) issues also. As one Food Technologist says:

“So you’re actually on the factory floor then, so if you’re wading through, ankle deep in rubbish, you might not be going to audit a cleaning rota but you can’t fail to notice (other things)... so we would ask if you could look at, two or three things, we get an idea of which subjects are likely to be the ones that are more challenging, we target on those”.

While the response required for a small firm to meet customer requirements is disproportionate, some note the positive affect on their organisation. One small supplier said:

“the relationship with Waitrose has taught me a lot, especially in areas you wouldn’t necessarily need to consider when dealing with smaller outlets, like the use of bar codes, sizing of product, packaging, layout and distribution. I was able to access some good advice and can now apply this depth of professionalism to all my customer relationships.”

This is a clear case of Waitrose pushing good practice down the supply chain, in accordance with *CSW*.

- Supplier Ethical Audit

The use of supplier ethical audits represents a clear corporate social watchdog approach, with Waitrose seeking to assess the activities of suppliers, reaching into their operational practices, and requiring to suppliers to meet Waitrose’s standards. An independent ethical auditor carries out audits for Waitrose on their suppliers identified as high risk at the suppliers’ cost. Other random audits are made at Waitrose’s cost. There follows here observation data from one such audit, for a ‘medium risk’ supplier. F&V is a medium sized supplier which imports and distributes fruit and vegetables. Waitrose’s custom is about 25% of the business, the rest being from other major supermarkets. The audit follows the topics in the Waitrose Responsible Sourcing Code. The assessment visit contained the following elements: a visual inspection of the factory, a visual inspection of the canteen and changing facilities, discussions with managers, interviews with 11 randomly selected permanent non-English speaking workers using a translator and 7 workers carried out in English plus a review of factory records. A number of non-compliances

with the Waitrose Responsible Sourcing Code were identified. Some of the key ones were: the taking of deposits for safety shoes, the holding of workers' identity documents for more than one day, poor awareness of who the first aiders were, non-payment for induction training, obstructions to fire exits, need to segregate changing rooms by gender, unfair allocation of overtime, repeated use of fixed term contracts. This list of issues were addressed by corrective actions recorded in the audit report and monitored via SEDEX. F&V in turn monitors its own suppliers (of which they have 20-30). They visit European suppliers once or twice a season, worldwide once per year, working on agronomics, production quality, pest control, environmental issues, accreditation, Ethical Trading Initiative compliance, health and safety, fire escapes and machinery. They follow up on much of the similar areas as the Waitrose Responsible Sourcing Code. Some suppliers have third party ethical audits (e.g. for other customers such as Marks & Spencers who insist on it) that can be checked. The technical manager responsible for the visits is "*Happy to be creating meaningful, sustainable jobs*". F&V are moving their own suppliers to SEDEX, though this isn't without its challenges. He says: "*It is a question of beating them over the head til they fill out the forms*". Suppliers pay for their own registration. They work on this by having events such as a supplier conference which Waitrose will come in on, including training on how to complete the online forms for ETI and SEDEX. There is very little contact with suppliers further up the chain apart from through grower schemes, which are very small growers who group together because they are too small to deal with individually. F&V don't get involved with wider second tier suppliers. The company invests in farming projects in Africa driven by local requirements e.g. health medical centre, schools, social centres.

- Managing supplier relationships

In keeping with a *CSW* approach, great emphasis is put on the partnership approach at Waitrose when a long term view is taken of supplier selection and retention. The Head of Buying, Meat, Poultry, Fish and Dairy says:

"our strategy is about future suppliers, it's not about today. The partnership ethos and culture fits with that very well...It is a three-way process, the farmers, the processor or Waitrose has equal responsibility to make it work. The onus is on each of us all of the time".

This approach supports Waitrose's goal of finding unusual, very high quality products. Accessing these sources requires a collaborative approach with suppliers. During the selection process Waitrose might get involved with everything from factory facilities to some financial support, or by buddying them with an established supplier. The developing relationship is ongoing, with regular buyer meetings. Business plans are required and reviewed half-yearly. From the supplier perspective, however, having a good relationship with the customer and its representatives does not necessarily mean that the relationship is considered to be a partnership, as one small supplier clarifies:

"the people at Head Office, the buyers, they know us, I call them by their first names, we've got a good relationship but I don't see it as a Partnership, it's not at arms length because we talk and they know who we are (so in that sense) we're a partner but I think we're a supplier, we're a small regional supplier which I don't call that a partnership".

The above aspects demonstrate Waitrose as an actor with a largely *CSW* approach to managing their supply chain. In some respects, however, they demonstrate a significant move to the *SCR* approach, by seeking to understand their suppliers' perspectives.

- Understanding the supplier's perspective

Considerable effort is made to engage with suppliers through the following initiatives:

- Supplier feedback

Supplier surveys are used to encourage feedback to Waitrose. In addition in the Meat, Poultry, Fish and Dairy section for example, twelve long standing key suppliers work together to give more feedback on what opportunities there are and how relationships with Waitrose and efficiency could be improved.

- Waitrose local producers

The Waitrose Local Producer's programme, that won the 2003 Business in the Community Award for Excellence (Rural Action), is designed to enable small, local producers to supply the stores. Small firms supplying very small quantities to Waitrose are not required to comply to the same levels as larger scale suppliers. Consumer enthusiasm for locally produced products means that such schemes are not unique to Waitrose, but suppliers are particularly enthusiastic about the Waitrose version:

“The Waitrose Small Producer Scheme is brilliant. All the supermarkets are starting to do this now and do it well. But I definitely get a sense of the different motivations for introducing such a scheme. For me it was important to work with a supermarket like Waitrose, who shares the same values and commitment to quality and environmental standards as us.” (Small supplier)

- Internal supplier

Waitrose have their own internal farm supplier in Hampshire the Leckford Estate (see [www.waitrose.com/about/leckfordestate/](http://www.waitrose.com/about/leckfordestate/)), which aims to set a good example to other suppliers and accordingly high ethical and environmental standards in its production processes. Leckford includes a working farm, modern milk processing plant and free range poultry unit, as well as water gardens, a plant nursery, farm shop and leisure facilities for John Lewis Partnership employees. The Leckford Estate has about 150 employees, nearly half of whom are employed on the mushroom farm. Mushrooms are the strongest line, serving 30-40% of the Waitrose Category (the farm produces 20 tonnes of mushrooms every week). They supply 25% of Waitrose Cox's apples in a season, in addition to fruit juice, flour, milk, eggs, free range poultry. Some products are branded as Leckford, others go into Waitrose through the normal supply chain. The arable part of the farm supplies the agriculture industry. Waitrose is the only supermarket supplied. The farm manager sees Leckford as a point of difference for Waitrose – while treated largely the same as other suppliers, the farm is constantly working to meet high ethical environmental standards and set a best practice example to other suppliers. For example, the Leckford Estate actively encourages biodiversity, has a 10-year programme of countryside stewardship, uses backhauling, is LEAF accredited (Linking Farming and Environment) uses Integrated Farm Management (a whole farm system for efficient and profitable production that is environmentally responsible) and actively shares its approach with contractors, customers and suppliers. Taking chicken, for example, at the Leckford Estate they rear Le Poulet d'Or birds from day-old chicks, using traditional husbandry techniques, for a minimum of 81 days. The birds have unlimited daytime access to fields and are fed on a corn-rich, cereal-based diet, free from antibiotic growth promoters. A proportion of the chicken feed is produced on the estate, while chicken manure provides additional nourishment to the soil and for the fruit orchards – thus completing the full cycle of growth and production from the land and back again. The 13 modern, warm, well-ventilated chicken sheds, each housing 1,300 birds. Energy for heating and lighting comes from solar power and wind power. The farm also has its own Quality Assurance

department, and they audit their own suppliers (bottle, packaging, goat and cow milk), meaning that Waitrose's perspective is extended down to the second tier suppliers.

- Waitrose Foundation

Finally, initiatives to understand the supplier perspective also reach out globally. In 2005 the Waitrose Foundation was established which is an international partnership project created to improve the lives of farm workers who grow and pick South African Citrus fruit, mangoes, grapes, avocados and stone fruit (see [www.waitrose.com/food/originofourfood/foundation.aspx](http://www.waitrose.com/food/originofourfood/foundation.aspx)) This initiative extends Waitrose's firm commitment to fair trade. They are also supporters of the Fair Trade for British Farmers (see [www.fairtrade4britishfarmers.co.uk](http://www.fairtrade4britishfarmers.co.uk)) (with Country Living Magazine) principles, bringing its ethical credentials back full circle to the domestic supplier context.

## 6. Discussion and Conclusion

The Waitrose case study, which we propose as a good practice example in the area of CSR in the supply chain, illustrates the substantive progress that can be made in achieving SCR. At the same time, it illustrates the challenges in developing from a CSW approach to one in which the power in the chain is more balanced, a holistic approach taken to social responsibility and voice given to the wide range of stakeholders in the chain. We found that Waitrose is driven by both *commercial and social objectives* in terms of how suppliers are treated. In an organisation like Waitrose, with its historical approach to internal partnership, and mission inherited from the founder to 'do business differently', the intention is evident across the organisation to also work in partnership with suppliers, and seek to empower them to improve their business. As a commercially successful organisation, it is clear that some of the drivers for this are self-interested. We do not advocate relying on a single organisation to provide assurance of social responsibility in the supply chain. Waitrose has thousands of suppliers. No matter how good the intentions are to work in open and honest partnership with each of these, there is a simple problem of scale to be addressed. With its internal partners (employees), only a fraction of whom work in potential direct contact with suppliers, it would be physically impossible to build substantive relationships with them all. Inevitably, a focus is on the larger, strategically most important suppliers as partners. The Waitrose Local Producer's programme and the efforts of the lead buyers to be an interface with the small local suppliers goes some way to alleviating this challenge of scale, but embraces a small subgroup of the supplying population for the organisation. However, the onus remains one of CSW. Society is effectively requiring large organisations to be responsible for an impossibly large network of suppliers. If the second and third tier suppliers are taken into account, this expands many times over. This does not seem to be a realistic approach to ensuring responsibility in the supply chain. Despite the good intentions of Waitrose, they as the customer remain more important to the supplier than vice versa. The supplier remains in the weaker positions and is not usually in a position to set the terms of the relationship or partnership. In practice our evidence suggests relationships somewhere between Cox's (2004) adversarial collaboration and non-adversarial collaboration. In the Waitrose case study we also note the positive examples of cross-sector initiatives such as the Temporary Working Labour Group and the Social and Ethical Data Exchange. We see these as good examples of collaborative activity which have the potential to contribute to SCR. It should be ensured that such cross-sector initiatives do not turn into macro versions of the large customer dominance of the supply chain by involving representative groups from the whole chain. To make further steps in improving SCR we recommend consideration of the Dutch covenant approach employed in tackling en-

vironmental challenges in the Netherlands. Here, rather than piecemeal legislation, a sector agrees targets with Government and implements independently a collaborative process to achieve these targets.

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