

**Exploration of corporate social responsibility (CSR) in multinational
companies within the food industry.**

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Abstract

In recent years, food manufacturers have begun to observe complex challenges with regard to sustainability – social, environment and economic. Although new opportunities towards better quality of life, knowledge and technology access arise, a myriad of issues such as labour practices and manufacturer and community relations accompany these opportunities. Furthermore, the trend of food manufacturing companies moving their operations to the developing economies has escalated the concerns towards the society. The increasing significance of such issues, in the evolution of manufacturing networks, has become a key factor in business growth and strategy. A significant amount of research and papers have been produced on sustainable development or sustainability and CSR, especially on developing theories and models. However, the focus on integrating CSR into sustainability and understanding CSR in a specific sector, with companies as a unit of analysis, has been minimal. This paper illustrates the exploration of CSR and sustainability literature with the development of the conceptual framework, followed by a brief overview of sustainability in the food industry, the adopted research design and a short summary on preliminary findings from two case-studies.

Key Words – corporate social responsibility, corporate responsibility, sustainable development, stakeholders and food industry.

Introduction

Sustainability is the process of enabling and encouraging overall growth (economic and social). In the context of the present day industry-society interface, much of the struggle towards sustainability has been an ongoing process of transformation towards economic sustainability, which is crucial. However, undermining social issues is no longer the option to accelerate industrial growth. This has been highlighted by Fréry (2006), who writes about how scandals like Enron and WorldCom, prove that complete focus on short-term financial results can lead the company towards jeopardy and total closure. On the other aspect, complete focus on best value to consumers and minimal consideration of financial results can also lead to problems for the long-term survival of the company. Hence, he concludes that for 'sound strategy' consideration needs to be given to both ends of the 'spectrum – shareholder value and customer satisfaction, profit maximisation and CSR' (Fréry 2006, p.72).

Sheldon's work on 'social responsibility of management' reflects that industry existed with the goal to be of service to the society (Sheldon 1923, p. 70). The progress industry has made today, has its roots in the relationship between industry and society. The requirements of the society led to the process of creativity and innovation. In short, industries were established for the benefit of the society and its sustainability. Sen notes, 'As people who live—in a broad sense—together, we cannot escape the thought that the terrible occurrences that we see around us are quintessentially our problems. They are our responsibility –whether or not they are also anyone else's' (Sen 1999, p.282). The thought that Sen's quote raises, has been embedded in the significant part of the intention behind the Victorian entrepreneurs - Boots, Rowntree, Cadbury (Bradley, 1987) in establishing companies, involved taking explicit responsibility for growth of all the people who were affected by the organisation.

In terms of a more current advancements in sustainable development, which although is a 20th century concept, has its representation in multiple works of literature (McClelland et. al 1953, p.97; Brody 2001, p. 8; Diamond 2005, p. 3) and has grown out of the sustainability principle. Hence, sustainability and sustainable development are synonymous and therefore used interchangeably in the paper. The emerging dimensions and principles of sustainable development can be found in the form motivation for achieving social growth (McClelland 1961, p. 36) or history of societies, which can be clustered into social, environmental and economic sustainability. This thought develops into the industrial aspect of where sustainability stands in the current context. Sustainability, if traced to its origin, places 'social growth' at its core as with industry. However, emerging differences in viewpoints led to much debate (Munn 1991, p. 2725; Robinson 1993, p. 26; Chatterjee & Finger 1994, p. 43) with regard to sustainable development and its dimensions regardless of the existence of definitions and descriptions.

Aiking and Boer state, 'the relationship between food and sustainability dates back to the 1980s, when sustainable development became an over arching policy objective for all nations' (Aiking & Boer 2004, p. 359). Food companies are constantly facing challenges and are struggling and in many occasions face harsh criticism from stakeholders regarding their participation in being socially responsible, despite rigorous and intensive work in implementing CSR initiatives. There still exists the perception of CSR being a reputation or marketing stunt that companies are

pulling in order to access markets and expand operations. The current issues (sustainability, policies, regulations and standards) encircling the food sector has governments, international organizations and businesses working towards facing the challenges of food. Moreover, the escalating food prices at a phenomenal rate is causing ‘unsustainable and politically risky period’ (Braun cited in Economist, 2008).

CSR is a way that business can be responsible and profitable and yet CSR initiatives do not seem to work or convince the society of businesses engagement with social responsibility. As Porter and Kramer state, ‘first, they pit business against society, when in reality the two are interdependent. Second, they pressure companies to think of corporate social responsibility in generic ways instead of in the way most appropriate to their individual strategies’ (Porter & Kramer 2006, p. 78). Two years hence, the problem of integrating CSR into the business agenda and strategy still persists despite the integration and implementation efforts on the side of the companies and their stakeholders. Despite CSR being implemented to overcome societal hurdles; the concept’s ambiguity raises misunderstandings. This ambiguity raises several problems, of which two are especially significant. The first is that CSR is seen as a public relations tool, rather than a value-creating process in its own right, whose goal is to assist manufacturing companies in achieving sustainability. The second is that some companies have claimed to pursue CSR, but in fact have only used contributions to social objectives as a mechanism for carrying on profit-maximising operations. Profit is an integral part and a tangible way of evaluating a company’s growth; however, it is not the only objective.

CSR provides an integration of views and is a capability (competence) for multinational food companies. It is important to understand the business perspective of companies and that ‘they are challenged by real difficulties of integrating societal issues into their organizational systems and structures’ (Epstein & Hanson 2006, p. xiii) while pursuing CSR initiatives for the sustainability goal. Exploring CSR within food companies can lead to comprehensive understanding of the area and the challenges that companies are facing today to resolve the persisting misconceptions. As identified in literature, ‘social aspects have received less consideration, even though they are of considerable importance to the successful and sustainable operation’ (Werner & Schafer 2007, p. 376). The following sections trace the evolution of sustainable development, which is significant to understand the progression towards CSR and sustainability discourse in the food industry.

Sustainable Development

Sustainable development was first codified in 1980 in the World Conservation Strategy (WCS) document incorporating ‘the concept of sustainability beyond renewable resource systems’ (Lélé, 1991, p. 614). The concept packaged together the views of people from various sectors and parts of the world – developed or developing, including industrialists, economists, developers, environmentalists, despite differences in opinions and objectives. As Rao states, ‘the concept of sustainable development is an interdisciplinary one’ (Rao 2000, p. 69).

Sustainable development has been defined by the Brundtland Report – Our Common Future as ‘development that meets the needs of the present without compromising the ability of the future generations to meet their own needs’ (Brundtland 1987, p. 43). The course of sustainable development in literature from the 1970s and early 1980s set a working path towards economic development, not necessarily compromising on the community’s welfare, and established a program to further sustainable development (Redclift 1987, p. 2; Young 1992, p. 12). Sustainable development has transformed the global debate from the one of a choice between economic development and community’s welfare to achieving a common ground where the two instead of contradicting each other can work in a unified manner. As Pearce states, ‘[t]he whole rationale of sustainable development therefore is to raise the standard of living – and especially the standard of living of the least advantaged society – while at the same time avoiding uncompensated future costs’ (Pearce 1993, p. 7).

Although, immense amount of work has been carried out in the field, it has had been inclined more towards achieving goals that are beneficial to one group or another. To be able to work towards sustainability, an understanding of how it works is important. In order to further understand where the existing literature falls short in its explaining sustainability, the following sections are important. Sustainable development, according to literature (Morris 1998, p. 173; Rangan 2004, p. 373; Waage 2007, p. 638) has numerous interpretations and confusions, as Lélé states, ‘it has become the watchword for international aid agencies, the jargon of development planners, the theme of conferences and learned papers, and the slogan of developmental and environmental activists’ (Lélé 1991, p. 607). Given that sustainable development has various definitions; some related to the economy and others to societal welfare and the environment. These variations in meanings and representations to different protagonists in the field of sustainable development, have led to the concept facing criticisms. One of the critiques on sustainable development is that it ‘is one of the most insidious and manipulable ideas to appear in decades, and because of the multifaceted, global offensive to sell it is essentially unopposed, it is perceived as something of an axiom by the public’ (Willers 1994, p. 1148). Another author, Redclift observes that ‘the concept is still considered too ambiguous as there is no agreement yet on what is exactly to be sustained’ (Redclift, cited in Ahmed & Doeleman 1995, p. 1).

Despite the differences in understanding of sustainable development, it has provided a platform to exchange ideas and work together. For companies the concept has opened a perspective of comprehending the various issues that affect societal growth, which corresponds to the sustainability of the industry in a particular society. As Schmidheiny states, ‘the inevitable process of change toward sustainable forms of development will determine the future course of human civilisation and shape life-styles and thereby the way we do business’ (Schmidheiny, 1992, p. 12). The following paragraph will focus on the dimensions of sustainable development, illustrated through two frameworks, which highlight the factors within the social, environmental and economic dimensions.

Dimensions of Sustainable Development

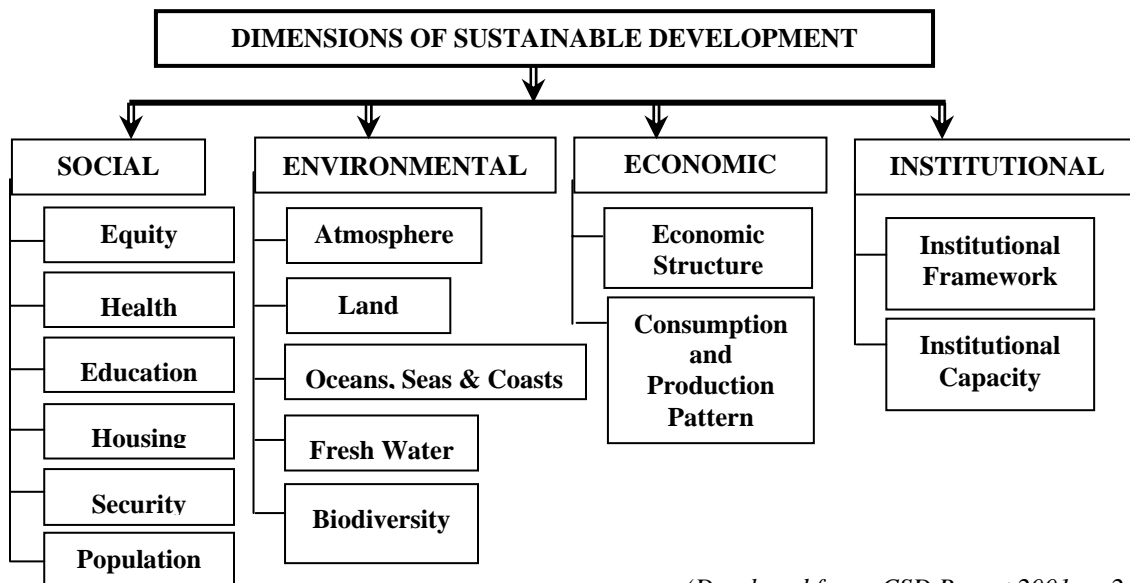
‘Sustainability management of all social, environmental and economic aspects within a company is increasingly becoming the norm and a requirement...to operate in business’ (Burke & Gaughran 2007, p. 7). Manufacturing companies in particular are faced with challenges of

labour practices, relations with community, environment and economy. In order to cover the breadth of the topic of sustainability, the frameworks will assist in clarifying the dimensions and the issues within them. This will draw a cohesive picture of the reoccurrence of social criteria in various models, which are used by companies as a benchmark for assessing their sustainability goals. As Labuschang et. al observe, ‘current integrated sustainability frameworks to assess sustainability, whether nationally, internationally, locally or company focused, have been reviewed to determine relevant aspects that should be considered when assessing sustainability in industry’ (Labuschang et. al 2005, p. 374). Hence the following two frameworks have been selected and elaborated on for the following reasons:

1. The framework addresses the three dimensions – economic, social and environment on an international, national and company level.
2. The framework highlights the social factors within social sustainability, which in turn will assist in clarifying the focus of the research and the relation of sustainable development, social sustainability and CSR.
3. To justify the exploration of the CSR process to understand the achievement of the goal – social sustainability.

❖ United Nations Commission for Sustainable Development (CSD):

Fig. 1 below is the sustainability framework developed by CSD. This framework with, ‘the main objective of the CSD Work Programme was to make indicators of sustainable development accessible’ (CSD report, 2001). Although the framework was developed to assist in developing indicators, for the purpose of this research the framework has been used as a guide to show the link that social sustainability has with CSR and the dimensions that will be addressed for exploring CSR process in food manufacturing companies. The CSD Work Programme was in response to the 1992 Earth Summit, which saw the need for developing indicators that would help in making decisions with regard to sustainable development.



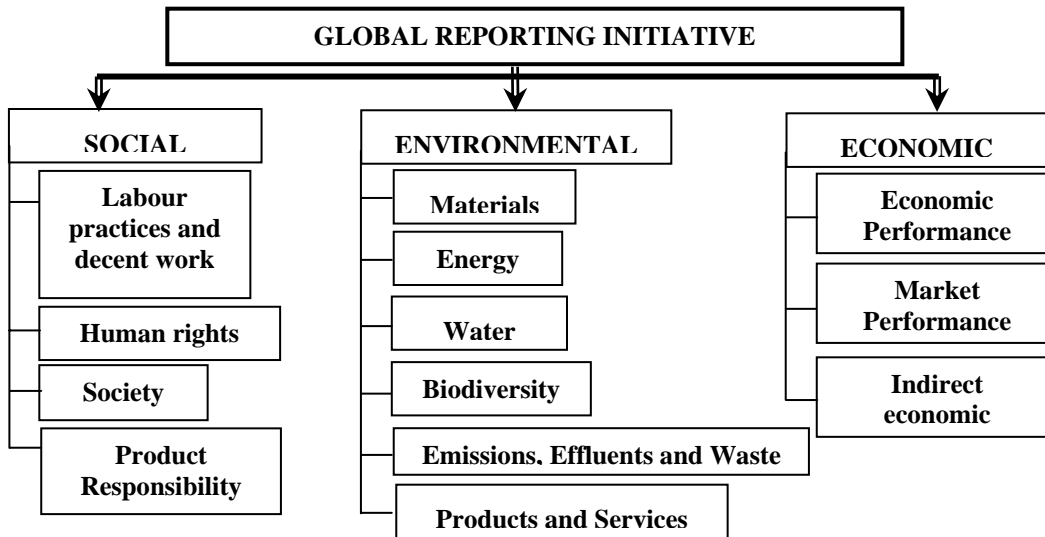
(Developed from: CSD Report 2001, p. 24-25)

Figure 1: CSD Framework

The diagram above illustrates four different dimensions – economic, social, environmental and institutional and the factors within them. However, the factors shown within the dimensions, including the three other dimensions (economic, environmental and institutional), which can have an impact on industry, but are not all relevant to the study of CSR in industry. The holistic picture does provide a clear idea of the factor placements and how each has been segregated.

❖ Global Reporting Initiative (GRI):

‘The GRI Reporting Framework (fig. 2) is intended to serve as a generally accepted framework for reporting on an organization’s economic, environmental, and social performance. It is designed for use by organizations of any size, sector, or location’ (GRI Guidelines 2006, p. 3).

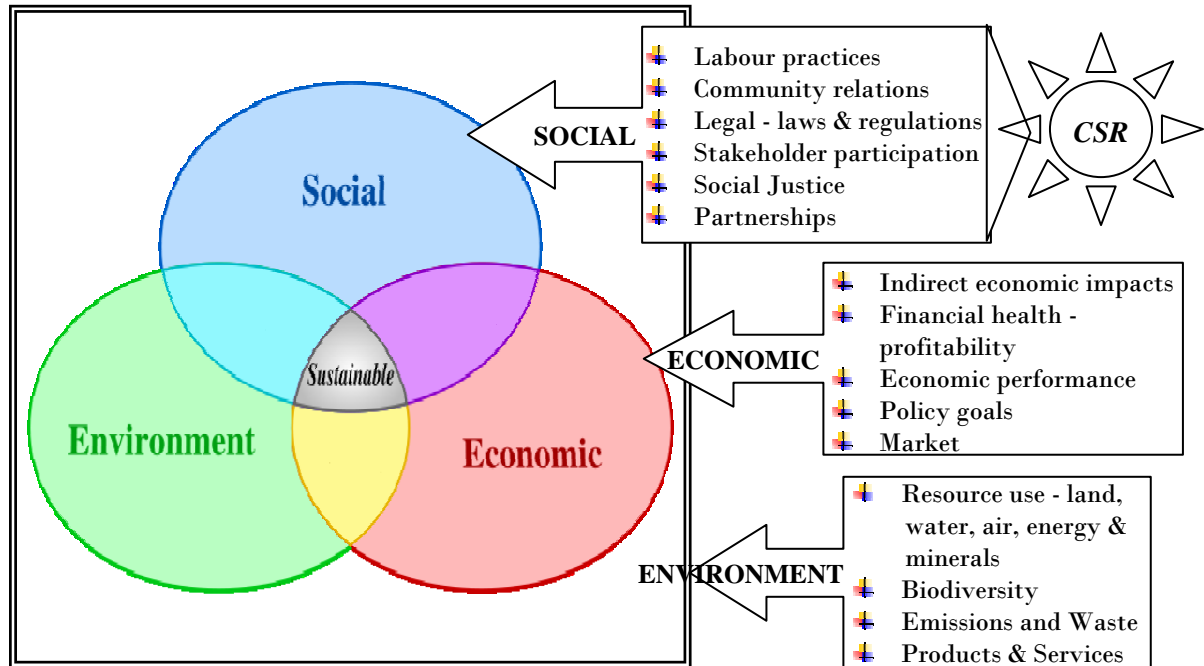


(Developed from: GRI Report 2006, p. 25-35)

Figure 2: GRI Framework

The above framework was developed by United Nations Environment’s Program (UNEP) along with Coalition for Environmentally Responsible Economics (CERES) for solidarity in sustainability reporting (Labuschange et. al 2005, p. 374). It was selected to provide a more narrowed down view on social sustainability for industry perspective following on from the CSD framework, which was more on the holistic side. ‘Its specific ambition is to elucidate a number of concepts that are essential in advancing business organisations’ CSR initiatives and internal ethics of management practices beyond the level of shallow window dressing’ (Painter-Morland 2006, p. 355). Although the guideline contains aspects within each factor mentioned in the diagram below, only the core ones have been illustrated.

The review of the frameworks assisted in comprehending the factors that the food industry requires focusing on while addressing sustainability. Hence, the concept has evolved in the past three decades with various components and frameworks emerging, which can then be summarized as fig. 3 below.



(Adapted from: Elkington 1998, p. 73, Labuschang et. al 2006, p. 3, Elliot 2006, p. 13)

Figure 3: Three Dimensions of Sustainable Development

The above frameworks with fig. 3 were illustrated to underline the dimensions of sustainable development and the factors within them, with the goal of showing the integration of sustainability and responsibility. The literature illustrated above has been elaborated to support the discourse on sustainability in the food industry, followed by the developments in CSR.

Sustainability in the food industry

Sustainability in the food industry has various elements from fluctuating food prices, food safety to food security, which can generate perspectives from different stakeholders involved such as companies, government, non-government organizations (NGOs), international organizations and media. However, the focus of this paper is to elaborate on the discourse on food sustainability from the industrial perspective, in particular companies. To establish an initial understanding of the roots of sustainability and social responsibility in industry, a brief review of historical background and management philosophy has been done in the following paragraphs, to illustrate the development of thinking on the overall manufacturing industry, which is also inherent to the food sector. As the Woolf Committee report states,

‘from the industrial revolution onwards, company founders whose names are still familiar today drew upon their beliefs and social values to guide their approach to business, especially in relation to their employees’ (Woolf Committee Report 2008, p. 11).

Manufacturing is a continuous process of building and managing, which allows people to grow and inherently comprehend the struggles put towards achievement of an objective or objectives. Management’s place in manufacturing is captured by Wren who states, ‘a spirit of innovation led

to inventions, inventions led to factories and factories led to a need for direction and organization' (Wren 2005, p.41). Furthermore, Wren expresses the views prevalent at the time of the industrial revolution which came into full force in 1750, which he considered a 'new age of civilisation' (Wren 2005, p. 39). Manufacturing has gone through continuous changes, as Wren suggests, based on complexities and struggle since the beginning of the industrial revolution (18th century) according to the variations in the global environment.

The economic, political, social, technical, and international environment influences the characteristics of manufacturing. Skinner recognising the need for a definition of manufacturing that reflected the proper concept, argued that 'manufacturing is generally perceived in the wrong way at the top, managed in the wrong way at the plant level, and taught in the wrong way in the business school' (Skinner 1969, p. 137). In his opinion, corporate strategy, which deals with production, planning, distribution, marketing, and the supply chain, has a strong relationship with manufacturing. Hence, the latest definition of manufacturing incorporates sales, marketing and after-sales services. It also not treated as solely a process but is called system (Robinson, 1998, p. 50).

Another viewpoint includes sustainability as an approach and part of the definition of manufacturing (Tomiyama 2001, p.4). Gladwin et. al underpin the three approaches – sustaincentric, technocentric and ecocentric, which have been incorporated into manufacturing at different stages of development in manufacturing. The approaches have been discussed and reviewed at various points during the progression of the sustainability. 'Sustaincentric', in particular, for the past three decades has been discussed and reviewed in theory and practice for industrial advancements. The sustaincentric approach in comparison to the other two (technocentric and ecocentric) provides a way to initiate dialogue and develop programmes and processes to integrate the possibly conflicting interests of industry and society.

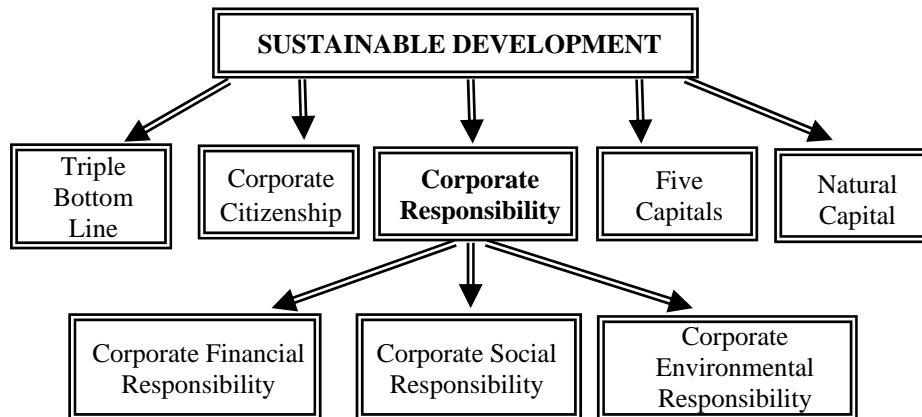
The concept of sustainability recognises that social, economic and environmental issues are interconnected, and that policies and decisions need to incorporate a broader view that encompasses social issues for longer term benefits. As a report on Global Manufacturing states, 'a more productive and reliable approach involves a framework for decision – making that takes into account the many possible scenarios in an uncertain future' (Deloitte Research 2007, p. 1). Although, the report was towards building on strategy and scenario planning, its implication to the sustainability approach is the idea of incorporating the various factors towards a more united approach in dealing with uncertainty of today's business environment.

The food companies that were established during the period following the industrial revolution had their business principles and values rooted in a very strong sense of social responsibility and business ethics. Although, the companies have gone through transitions, the core values and principles on which the companies were established seem to be the driving force towards sustainability. Patrick Cescau in an interview with Financial Times states that, 'we had forgotten some of our values, who we are, what makes us a different company. Our commitment to sustainability, to vitality, was always there but we were not recognising it as a source of strength and source of difference the way we do it today' (Financial Times 2008). CSR is described 'as

essentially the business contribution to sustainable development' (FISS 2005, p. 26). The following section will explore CSR and to re-enforce the integration of social responsibility and sustainability.

Corporate Social Responsibility (CSR)

The various 'notions' of sustainable development, depicted in fig. 4, assists in contextualising CSR into the structure and construct of sustainable development and its dimensions. In addition, the diagram introduces the notion of 'corporate responsibility (CR)' of which the concept of CSR is a branch. As the research focuses on CSR, the mentioning of CR is introduced now, in order to provide a systematic progression towards CSR.



(Developed from: Brady 2005, p. 13)

Figure 4: Five Notions of Sustainable Development in Corporations

CR incorporates the social, economic and environmental strands of sustainable development and provides a holistic approach for companies to understand the issues involved with sustainable development. It assists to clarify and translate various factors (discussed in earlier sections) into the corporate language, depending on their relevance to the companies. In addition, CR provides a holistic structure towards global sustainability issues from the corporate perspective, which are relatively easier to adhere to and implement in terms of an individual company and its operations. As Brady states,

'it is not useful to use CSR to refer to the net contribution of business to sustainable development because it implies that the only reason we would conserve...the environment is because society demands it. The phrase suggests that environment ...does not have its own innate value. This goes against the founding ethos of sustainable development' (Brady 2004, p.47).

The above statement corroborates fig. 4 in establishing the context of CSR being part of CR and CR as a whole being a company's contribution to sustainability. Hence, it can be concluded that CSR covers the social dimension of CR, from where the connection of CSR to sustainability has been drawn. The following paragraphs will expound upon the discourse of CSR, beginning with the development of the concept, its overview and critique.

Overview and Critique

Responsibility has been interpreted in various forms including profit distribution and investment, community building and research. This developed into more detailed CSR, which was first seen in Bowen publication's 'Social responsibilities of the Businessman' in 1953, which was the start of the modern era of responsibility of industry. He states 'social responsibility rests upon the idea that business should be conducted with concern for the effects of business operations upon the attainment of valued social goals' (Bowen 1953, p. 8). He further proposes a list of objectives, which include 'community improvement, security, justice, personal integrity, freedom and development of individual person', which reciprocate to the three areas mentioned in the section 2.3.2. As Hens and Nath state, 'CSR is clearly supportive of sustainable development, making companies, managers, employees and shareholders alike aware of the impact that the company has socially' (Hens & Nath 2005, p. 364).

Various definitions of CSR have emerged. Davis defines it as 'decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest' (Davis 1960, p. 70). Carroll states, 'the social responsibility encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point of time' (Carroll 1979, p.500). World Business Council for Sustainable development (WBSCD), defines CSR as 'the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large' (WBSCD report 1998, pp. 3).

More recently, Porter and Kramer note that 'the relationship between business and society that does not treat corporate success and social welfare as a zero-sum game' (Porter and Kramer 2006, p. 4). The definitions, although capture the meaning of CSR (responsibilities of a company towards the society) they can lead to misconceptions because they cover a wide range of words like ethics, economic, technical, development and quality of life, which in their own domain have complexities. This is positive in terms of bringing people in various fields together and to form solutions and strategies. However, it could undermine the true social responsibility of an industry because the definitions incorporate wide range of issues involving different actors. Hence, it can be concluded that realising the context in which CSR is being used assists in clarity of the concept.

There have been debates on the purpose and meaning of CSR in industry (Waddock 2004, p. 9). Jensen suggests that in the long run wealth maximisation for shareholders through increase in market value will lead to fulfillment of social responsibility (Jensen 2002, p. 239). Furthermore, 'Management scholars have recently focused attention on instances when managers use CSR instrumentally' (McWilliams cited in Waldman et. al 2006, p.1704). In addition, increasing pressure from international organisations (including International Labour Organisation, Global Reporting Initiatives, Organisation for Economic Cooperation and Development guidelines, International Organisation for Standardisation and UN Global Impact) has led companies to comply with CSR codes of conduct (Mamic 2004, p. 23).

However, CSR thinkers including Ackerman (1973, p. 97), Sethi (1975, p. 58), Wartrick and Cochran (1985, p. 758), Carroll (1991, p. 48), Wood (1991, p. 713) and Margolis and Walsh (2003, p. 296) argue that understanding CSR and its credibility can assist industry to balance their social and financial goals. Although this could raise further social issues, the concept of social responsibility of companies can add to restructuring the mindset of industry in society. As Davis observes, ‘the business which vacillates or chooses not to enter the arena of social responsibility may find that it gradually will sink into customer disfavour’ (Davis 1973, p. 321). Building and nurturing relationships between an organisation and society is an essential part for the growth of the company (community relations).

Brady states, ‘[t]his concept [CSR] is most prominently opposed by the Milton Friedman type ideology; Friedman has suggested that only individuals can have responsibility, the corporation as an artificial person can only have artificial responsibilities’ (Brady 2005, p.19). This thought has solidarity in its own if the organisation and its people are seen as two different entities and that the only social responsibility of the industry to maximize profits provided that it is performed without malice and hoax. Nonetheless, the strategy, of making employees the shareholders of companies in order to make them feel that they are a part of the organisation and responsible for its growth as well as their own, combines maximising profits with employee benefits. Although, such a move by a corporation can be seen as benefiting it rather than the employees, it does form two way traffic of giving and taking, hence being an advantage to both.

Another example, that Husted et. al refer to, in the perspective of strategic CSR, is to support the community through providing scholarships for training programmes (Husted et. al 2006, p. 82). Hence the society benefits through additional opportunities for personal growth and the company gains a larger pool of qualified labour. Individuals together form an industry and unconsciously relates to being responsible as a whole towards the people and community, as the people in the community form the organisation. As, Ghosal and Bartlett in their book *The Individualized Corporation* observe:

‘The management is, above all else, about achieving results through people. Not that there is no value in crunching numbers, analyzing trends, or restructuring activities. But these traditional responsibilities have, for too long, distracted managers from their most basic and most valuable role – being able to attract, motivate, develop and retain individuals with scarce and valuable knowledge skills.’
(Ghoshal & Bartlett 1998, p. 318)

Exploring the CSR in food companies will enable to enrich the discourse on CSR in general and within the food industry, where there is a shortage of sector analysis and research. When people from different walks of life come to work together, a whole new dimension of creativity and knowledge is created. The two positive aspects are the mutual processes of learning from and communicating with each other better in order to achieve sustainability and practice responsibility. As Marrewijk comments, ‘[b]usiness forms an important triangular relationship with the state and civil society. Each has a specific mechanism that coordinates their behaviour and fulfils a role within society’ (Marrewijk 2006, p. 76). The next section explores stakeholders and a brief of theories used while addressing CSR.

Stakeholders in CSR

There are various theories such as stakeholder, agency, organisational and institutional theory (Hoffman 2007, p. 56) that have been explored to address CSR. Stakeholder theory being the most prominent as the idea of companies having stakeholders became a 'commonplace in the management literature, both academic and professional since the publication of Freeman's landmark book, *Strategic Management: A Stakeholder Approach* (1984)' (Donaldson and Preston 1995, p. 65). It has been used in the CSR literature (Wood 1991, p. 392 and McWilliams et. al 2001, p. 118); given that social issues have stakeholders involved who participate in the development of the issues. Furthermore with the advent of food companies moving operations to developing economies, CSR has accelerated to a whole new level where more social issues come into existence.

To expound on the social issues, a survey conducted by McKinsey Quarterly revealed that 84% of the business executives support the view that companies' role is not only to generate returns for shareholders and investors but also contribute towards societal benefits (McKinsey Quarterly 2006, p.5). Hence, the concern towards addressing social responsibility is present not only externally but also within the companies. Appendix 1 and 2 illustrate the various stakeholders in CSR, the link they have with a company and some of the issues relevant to each of the stakeholders.

Stakeholders are an integral part of an organisation and the issues raised earlier occur due to the existence of the various interactions between each stakeholder with regard to CSR. CSR could be viewed upon as a strategy that encompasses the organisation's goals to comply with and promote sustainability. In the food industry, given that the factors mentioned in the previous section (fig. 1, 2 & 3) 'apply even more to food production and consumption...because food provision is in fact the human activity with single largest environmental impact' (Smil cited in Aking & Boer 2004, p. 360) and multinational companies, given their product and location diversity, are constantly coming under the scrutiny of the public eye (Wettstein 2005, p. 106). Thus the need to explore CSR in multinational food companies has lead to the research question - *how are multinational food companies practicing CSR?* With the objective of exploring the issues, strategies, challenges and current developments in the area to develop a better conceptualisation of CSR in the companies that will assist in better planning and implementation of CSR initiatives. CSR provides a way through which companies and society can create shared value. The following section discusses the development of the conceptual framework based on the literature explored.

Conceptual Framework

Frameworks have been interpreted in different ways regarding their use and outcome. Framework, here, is considered as a graphic representation that 'supports understanding and communication of structure and relationship within a system for a defined purpose' (Shehabuddeen et. al 1999, p. 9). It has been referred to as being conceptual, based on the view that the framework outlines the relationship between dimensions of sustainability and CSR and relates to the initial understanding of the field and the association between industry, community, sustainability and CSR. The 'defined purpose' as the framework outlines is the achievement of

social sustainability, for which understanding the process of social responsibility has been adopted.

The framework below (fig. 5), as Carroll states, ‘[t]he conceptual [framework] can assist in understanding that social responsibility is not separate and distinct from economic performance but rather is just one part of total social responsibilities of business’ (Carroll 1979, p. 503). The various frameworks for sustainable development showing the dimensions have been referred to in order to develop the links. Given the major research question and implications from literature, the conceptual framework has been developed. The framework aims to address the following:

- ✚ Provide a structure and the link between the constituents to further support the aim of the study.
- ✚ Assist in the direction of case studies by identifying initial approach to the research.

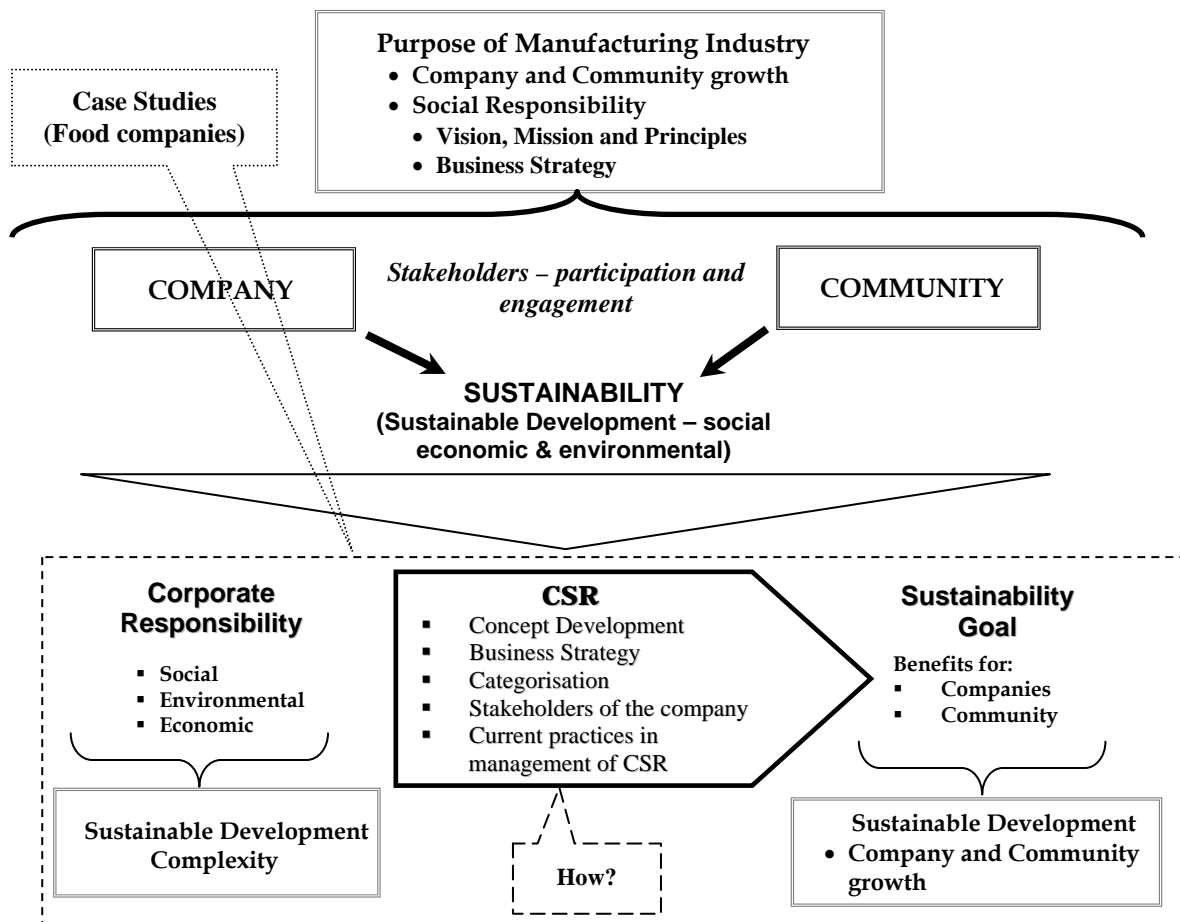


Figure 5: Conceptual Framework

The above conceptual framework draws, largely, from the literature for enhancement to address the research question – how are multinational food companies practising CSR? It is developed in a way that begins from the ‘purpose of industry’ onto the industry and society. The section within the dotted lines signifies the research area where empirical work will be carried out, which provided input to the conceptualisation of the entire phenomena of CSR in food

companies. It involves the exploration of the CSR, through the misconception of divide between social responsibility and profit maximisation. This then leads to the outcome of 'sustainability goal'. The final level within the dotted lines (yellow boxes) is placed for creating a boundary around the research area and linking it to the sustainability discourse.

The framework begins with the perception behind the 'purpose of industry' and components within it for the establishment of industry, as extracted from readings. These criteria are in direct relation with the two constituents of the framework - 'companies' and 'communities', which hold together the idea of company and community co-existing for 'sustainability' (social, environment and economic). Sustainability, as discussed has taken the form of 'sustainable development' in the discourse of 21st century (Stockholm Conference 1972). Although various frameworks for sustainability have been formulated in clarifying the concept, it still is faced with misconceptions. The framework helps in portraying the situation of sustainability through drawing focus on the motives behind the existence of industry through the progression of thoughts on social growth - the way it has evolved and stands today.

The framework follows on from the broader picture of growth and purpose towards focus on the internal aspect of industry (section between the dotted lines), in addressing the CSR perspective in multinational food companies. The existence of stakeholders (government, consumers/citizens, international organisations, INGOs and local NGOs and media) generates various CSR issues that food manufacturing companies are facing today. However, the very stakeholders also provide ways on understanding CSR in food companies. Companies facing 'either or' situations, can benefit through reconciliation, which could provide a more lucid picture of the situation. However, within the scope of companies fulfilling social responsibility is not always a straight forward task. There are factors (external and internal) affecting CSR decisions - 'social issues' and 'profit maximisation'. The 'how' question helps to explore through company cases and generate an understanding of CSR in the food companies, which leads on to the 'defined purpose' of sustainable development. Understanding how food companies are practicing CSR assists in identifying and developing a rich picture of the approach companies take while dealing with CSR. The insight generated through the exploration of CSR in food companies assist in the conceptualisation.

The framework has been an attempt to illustrate an overall situation of in the domain of social sustainability, in order to understand the interaction of the major components highlighted. The following section expounds upon the research design.

Research Design

As defined by Easterby-Smith et. al, 'research designs are about organizing research activity, including the collection of data, in ways that are most likely to achieve the research aims' (Easterby-Smith et. al 2002, p. 43).

The case study method has been selected for this research because it is able to provide an in-depth explanation of an observation, from qualitative data. Although the methods' researchers adopt to formulate a theory or interpret data has been undergoing arguments (Eisenhardt 1989, p.

545 and Dyer & Wilkins 1991, p. 618), the process of building theory based on the activity of explaining a situation, as Christensen and Sundahl note, 'helps researchers and practitioners who observe phenomena under various circumstances understand why things turn out the way they do' (Christensen and Sundahl 2001, p. 2).

To pursue the fieldwork, Eisenhardt's (1989) paper on *Building Theories on Case Study Research* and Yin's (2003) Case Study Method, have been referred to as a platform for defining the research process. The process, based on Eisenhardt and Yin's method, has been divided into three phases from the theory development, conducting case studies and writing a cross-case report. These case studies will identify the overall corporate responsibility discourse in food companies, which will subsequently enhance the existing knowledge (theory) with limitations.

The purpose of the study is to explore and find information in order to create an understanding of the research area. Hence, the data collection protocol is divided into secondary and primary data sources. The secondary data source included books, journal articles, periodicals, company websites (sustainability report) and exploratory cases (secondary source). The primary data through interviews will be the principle form of data collection, which is especially useful in the case of this research, as the objective to develop an in-depth understanding of the phenomena. As Burgess states, '(interview) is...the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience' (Burgess cited in Easterby-Smith 2002, p. 86). The interviews will be based on semi-structured questionnaires so that the main areas of query are covered, with the option for the interviewee to elaborate from personal views. In addition data from documentation, archival records and participation in conferences will also be used. The diagram (fig. 6) below is an illustration of the research design that is to be followed in the coming period of the research tenure.

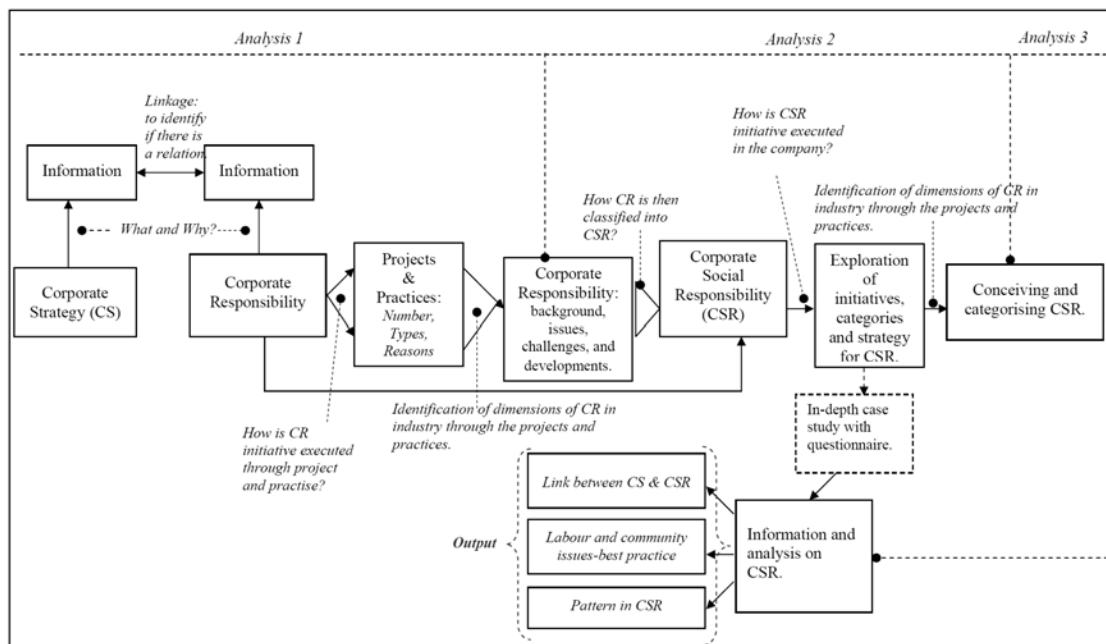


Figure 6: Research Design

Analysis 1 illustrates the development of corporate responsibility with the aim to clarify the area to be pursued for data collection. This analysis was drawn from the literature, which included highlighting the sustainability and CSR discourse along with identifying the link CR has with corporate strategy. This then led on to the importance of developing a categorisation for CSR in the multinational food companies for clarity of the research area. The majority of analysis 1 came from the exploration of literature, which helped to formulate an initial observation of CSR. The conceptual framework included mapping the body of knowledge that was reviewed for the purpose of identifying the research gap and developing a research design.

Analysis 2 and 3 will involve an exploration of the background, issues and challenges that multinationals face while working with corporate responsibility and followed by identifying the dimensions and categories of CSR. This will then progress into the in-depth study of two particular categories – labour and community in the companies. Throughout the research the dimensions and categories retrieved from literature will form the backbone for the fieldwork to illustrate corporate responsibility and in particular CSR initiatives.

In summary, the research will follow the epistemological social constructivist philosophy of qualitative research through case study research based on semi-structured interviews. This selection has been based on the interpretive nature of the research, which involves a ‘how’ research question. As Snape and Spencer assert, ‘qualitative methods are used to address research questions that require explanation or understanding of social phenomena and contexts’ (Snape & Spencer 2005, p. 371).

A quantitative approach has not been used as the objective of the research is to provide an in-depth exploration and understanding of the phenomena of CSR in comprehending the way in which manufacturing companies practice CSR. The main outcome of the research is to explore and identify the pattern, challenges and problems with CSR in industry to mitigate the misconceptions the area of CSR poses. Initial observations based on preliminary cases have been presented below based on the research design.

Preliminary Cases

Two preliminary cases have been presented in order to assess CSR initiatives formulate an initial picture of the happenings in the food companies. Review of CSR reports and initial interviews with both the companies, were conducted to draw an overall picture of CSR and the developments. The cases have been used to provide preliminary information on CSR and as an input into formulating the conceptual framework. The companies were chosen based on the following criteria:

- Manufacturing operations worldwide.
- On the ‘Global Manufacturing 100’ list - a study conducted by Deloitte Research.
- Following international guidelines in order to simplify categories for different CSR practices.
- Multinationals with 10,000 or over number of employees.
- Existence of a sustainability or corporate responsibility department with ongoing projects.

Company A

Company B operates in 60 countries, employing 50,000 people and produces gum, chocolate and candy (Company website). The founder's strong values and principles of social responsibility, has been embodied by the Company since its establishment. Company B's CSR strategy works towards building corporate responsibility into business strategy. The Company's social responsibility strategy focuses on risk avoidance, reputation enhancement, /issue management, sustainable growth and competitive strategy. It has developed five categories of CSR to address social issues, which includes marketing, food and consumer issues; ethical sourcing and procurement; environment, health and safety; human rights and employment standards; and community investment.

Company B

Company A is one of the leading companies in the world in fast-moving-consumer-goods (FMCG), with 400 brands of food, home and personal care and a turnover of approximately £29.8 billion (Sustainable Development Report). The Company was formed with the joining of two companies that were already well established. It has its headquarters UK with operations in Europe, The Americas, Asia and Africa (around 100 countries) and employs about 179,000 people. The Group has a 'dual structure'. The Company's work on CSR includes integrating social, economic and environmental concerns and as a part of their assurance work, they asked Deloitte & Touche LLP, for an assurance report. Their mission is grounded on the Company's corporate responsibility strategy to integrate social, economic and environmental considerations, focus on issues of climate change, water, sustainable agriculture, nutrition and hygiene and global partnerships.

Initial observations

The cases were reviewed, firstly for the purpose of understanding of industry's involvement and awareness of CSR and to review the business perspective. A set of common principles were determined, from the review of the company websites and reports, which formed the basis of the CSR programmes and projects the companies are undertaking. The working principles of a company are based on its vision, values and the obligations towards stakeholders. In order to manage a company in different environments, being aware of the company's values and principles is helpful for guidance and the nature of any CSR project.

The importance of vision and mission in addition to principles, assist companies as a form of guidance in working towards sustainability through CSR. The importance of transparency in following standards came across as another element to steer the company towards CSR objectives. Finally the formulation of a strategy for CSR or a business strategy including CSR was a significant factor in both companies, which can then enhance the principles stated above and create long term value for sustainability. As Fréry states, 'a sound strategy must evolve between these extremes of shareholder value and customer satisfaction, profit maximisation and CSR' (Fréry 2006, p. 72). The initial findings from the interviews conducted with the 2 Companies have been summarized in table 1 below, which align with the initial observations synthesized above.

Table 1: Preliminary observations

Cases	Company A	Company B
CR (CSR) - Concept Development	<ul style="list-style-type: none"> ▪ Number of companies especially food companies got into the business for ethical reasons. ▪ Tea, coffee and cocoa business to deal with alcohol problems in the working class (Victorian period). ▪ CSR is about sustainability, risk avoidance, competitive strategy and issue management. 	<ul style="list-style-type: none"> ▪ Re-visiting the founder's concept of ethics and responsibility. ▪ Always been and seen to be an ethical business. Not everybody knows about Unilever as it is known more through its brands more than through its corporate name. ▪ Evolution of the issues goes back to the history of when the business was founded, with a whole village being built. ▪ Looking after the society is built into the business.
Business strategy	<ul style="list-style-type: none"> ▪ CSR strategy integrated into the corporate strategy. ▪ CSR strategy – responsibility pyramid. ▪ Creating a sustainable development model. 	<ul style="list-style-type: none"> ▪ Coherence with corporate strategy, which initially was not present. ▪ The 'mission' is the over arching element of CSR strategy and the business.
Categorisation	<ul style="list-style-type: none"> ▪ The three concepts within corporate responsibility (social, economic and environmental) are inter-related and inter-linked. ▪ The triple bottom line concept is very clear and most projects of the company reflect the notion. E.g.- working in preserving biodiversity conditions in turn helps farmers with their livelihoods. 	<ul style="list-style-type: none"> ▪ Awareness of the 'triple bottom line' in the last decade.
Stakeholders	<ul style="list-style-type: none"> ▪ Partnerships with Amnesty, Oxfam and WWF to participate and contribute to programs of community development. ▪ Important to re-invest in the society for business sustainability. ▪ 'Renegade reporters' who report what they want to see and write. ▪ Need to get industry partners (supply chain) into the discussion. 	<ul style="list-style-type: none"> ▪ Partnerships with Oxfam, UNICEF, UN World Food Programme. ▪ Continue working with towards establishing partnerships with various institutions. ▪ Advisory panel with academics – 'fortune at the bottom of the pyramid' – Prahalad. ▪ Practically dealing with integrating the suppliers into CSR especially large supermarkets.
Labour and community practices	<ul style="list-style-type: none"> ▪ Training and communicating ideas and new approaches to employees. ▪ Child labour and forced labour (slavery) addressed 100 years ago with the happenings in West African cocoa fields, where awareness for such issues were raised by a family member of the founder . 	<ul style="list-style-type: none"> ▪ Focus on child labour and environmental issues. ▪ Health and safety issues always part of the business since the establishment of the Company. ▪ Last ten years, growing awareness of the issue of CSR throughout the upstream and downstream of the business. ▪ Started with donations to institutions with focus on education and health then progressed into wider issues into sustainability.
Conclusion	<ul style="list-style-type: none"> ▪ Leadership and performance are integral for further development of sustainability. ▪ Transparency is vital. ▪ The necessity to work together. 	<ul style="list-style-type: none"> ▪ The issue of CSR is more practical than theoretical – business logic. ▪ Understanding the Company and its barriers in dealing with sustainability and CSR.

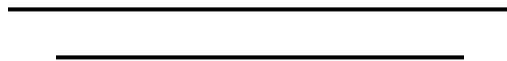
An emerging issue from the preliminary cases was the transition of the multinational food companies from CSR to a more integrated approach of corporate responsibility, which has paved the way for both the companies to forward the goal of sustainability.

Conclusion

The paper's focus and attempt has been to build on literature as a support towards corporate responsibility, in particular, CSR being a part and method for multinational food companies to work towards sustainability, the emphasis has been on an overview of literature, conceptual framework, and research design with a brief on initial observations of two companies.

Sustainability being a process that enables and encourages social growth has come across with ambiguities and complexities. Social responsibility of multinational food companies, in particular, is difficult to define. With globalisation, the concern for managing social issues has become a prevalent and the role of corporate responsibility – CSR, in multinational food companies is vital because it relates to the interface between industry and society.

The integrated approach the Companies have towards corporate responsibility corroborates the overlap of social, economic and environmental strands. The categorisation from literature assists to the extent of clarifying issues that the organisation requires to focus on. However, it is not built based on the structure and operations of the company while dealing with the social responsibility issues. Hence, a requirement for integrated social responsibility structure in the food industry would help to understand the ongoing challenges further. In addition, approaching the issues of corporate responsibility constitutes to the sustainability agenda with the participation of stakeholders is necessary as corporate responsibility is a global issue given the ever-changing landscape of business dynamics. In addition to a normative approach to grounding corporate responsibility from various philosophies, it is essential to understand the business perspective. The exploration of corporate responsibility is evolving and has been set in order to comply with the growing need of academia and industry to assist in providing a better understanding of the social responsibility.



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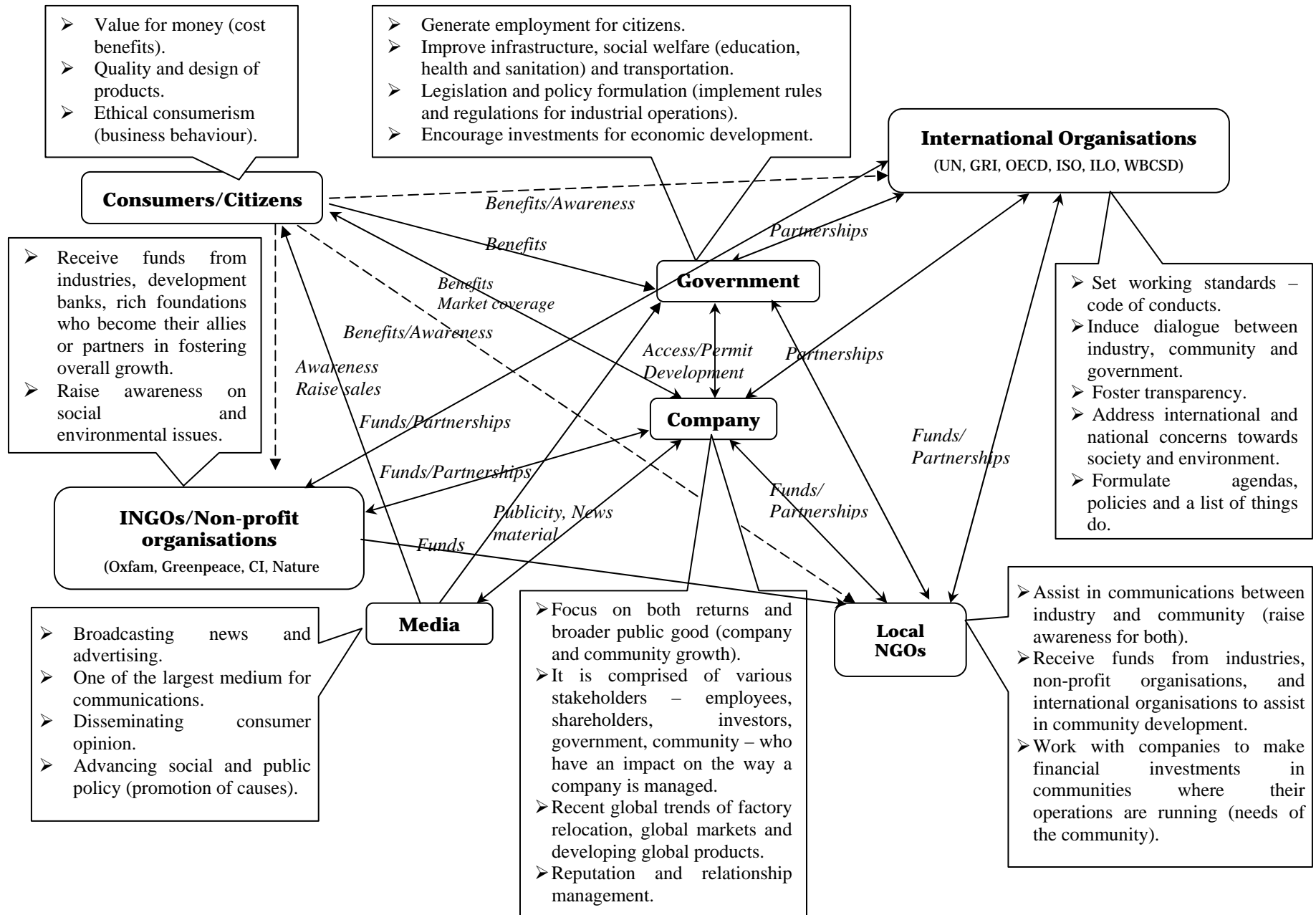
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Appendix 1



Appendix 2

Particulars	Industry	Government	Consumers/Citizens	International Organisations	INGOs & Local NGOs	Media
Industry	----	<ul style="list-style-type: none"> ▪ Company policy. ▪ Stakeholder participation. ▪ Regulation of the government. ▪ Self-regulation. ▪ Franchising. ▪ Standard setting (workplace, finances). 	<ul style="list-style-type: none"> ▪ Quality management. ▪ Pricing. ▪ Design of products. ▪ Market coverage. ▪ Consumer behaviour. ▪ Workforce. ▪ Stakeholder Participation. ▪ Brand loyalty. 	<ul style="list-style-type: none"> ▪ Partnerships (addressing the needs of the community). 	<ul style="list-style-type: none"> ▪ Partnerships through social investments (hospitals, schools, parks) ▪ Communications with the community. 	<ul style="list-style-type: none"> ▪ Publicity (marketing and advertising). ▪ Social disclosures. ▪ Press conferences.
Government	<ul style="list-style-type: none"> ▪ Policy formulation and implementation (<i>resources, land lease, employment and taxes</i>). ▪ Government ownership (state-owned utilities, rates). ▪ Standard Setting (<i>health, safety</i>). ▪ Licensing. 	----	<ul style="list-style-type: none"> ▪ Policy generation – taxes, social welfare, employment). ▪ Investment in social and industrial infrastructure. ▪ Human capital management – labour aspect. 	<ul style="list-style-type: none"> ▪ Raising awareness about social and environmental issues and policies. ▪ Assistance in policy formulation with regard to the above issues. 	<ul style="list-style-type: none"> ▪ Raising awareness about social and environmental issues and policies. 	<ul style="list-style-type: none"> ▪ Rules and regulations. ▪ Advancing social and public policy.
Consumers/Citizens	<ul style="list-style-type: none"> ▪ Value for money. ▪ Quality assurance. ▪ Ethical business behaviour. 	<ul style="list-style-type: none"> ▪ Social welfare (health, education, sanitation). ▪ Employment generation –private and public sector. 	----	<ul style="list-style-type: none"> ▪ Addressing consumers/citizens concerns over economic, social & environmental issues. 	<ul style="list-style-type: none"> ▪ Assisting in social and economic growth. ▪ Skill and livelihood development projects. 	<ul style="list-style-type: none"> ▪ Awareness (new products, public policies).
International Organisations	<ul style="list-style-type: none"> ▪ Labour practices (working standards, wages, human rights, health & safety). ▪ Workforce training programs, skill development. ▪ Performance indicators. 	<ul style="list-style-type: none"> ▪ Standard Setting (<i>health, safety</i>) ▪ Collaboration in policy formulation with regard to social and environmental issues. 	<ul style="list-style-type: none"> ▪ Generating awareness of social and environmental issues – climate change, pollution, poverty, working standards, human rights. 	----	<ul style="list-style-type: none"> ▪ Partnerships. ▪ Project formulation and implementation. 	<ul style="list-style-type: none"> ▪ Promotion of causes. ▪ Conference coverage. ▪ Advancing policies.
INGOs & Local NGOs	<ul style="list-style-type: none"> ▪ Funds. ▪ Awareness of social and environmental impacts. 	<ul style="list-style-type: none"> ▪ Cooperation in carrying out projects (education, health & safety, conservation, waste management). 	<ul style="list-style-type: none"> ▪ Cooperation. ▪ Awareness of social and environmental impacts. 	<ul style="list-style-type: none"> ▪ Funds and partnerships for to implement community growth projects. 	----	<ul style="list-style-type: none"> ▪ Promotion of causes. ▪ Advancing social and public policy.
Media	<ul style="list-style-type: none"> ▪ News material. ▪ Business and funds. 	<ul style="list-style-type: none"> ▪ News material. 	<ul style="list-style-type: none"> ▪ Revenue. ▪ Market. ▪ Opinions. 	<ul style="list-style-type: none"> ▪ News material. 	<ul style="list-style-type: none"> ▪ News material. 	----

Table 1*Preliminary Observations*

Cases	Company A	Company B
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Business strategy	<ul style="list-style-type: none"> ▪ CSR strategy integrated into the corporate strategy. ▪ CSR strategy – responsibility pyramid. ▪ Creating a sustainable development model. 	<ul style="list-style-type: none"> ▪ Coherence with corporate strategy, which initially was not present. ▪ The 'mission' is the over arching element of CSR strategy and the business.
Categorisation	<ul style="list-style-type: none"> ▪ The three concepts within corporate responsibility (social, economic and environmental) are inter-related and inter-linked. ▪ The triple bottom line concept is very clear and most projects of the company reflect the notion. E.g.- working in preserving biodiversity conditions in turn helps farmers with their livelihoods. 	<ul style="list-style-type: none"> ▪ Awareness of the 'triple bottom line' in the last decade.
Stakeholders	<ul style="list-style-type: none"> ▪ Partnerships with Amnesty, Oxfam and WWF to participate and contribute to programs of community development. ▪ Important to re-invest in the society for business sustainability. ▪ 'Renegade reporters' who report what they want to see and write. ▪ Need to get industry partners (supply chain) into the discussion. 	<ul style="list-style-type: none"> ▪ Partnerships with Oxfam, UNICEF, UN World Food Programme. ▪ Continue working with towards establishing partnerships with various institutions. ▪ Advisory panel with academics – 'fortune at the bottom of the pyramid' – Prahalad. ▪ Practically dealing with integrating the suppliers into CSR especially large supermarkets.
Labour and community practices	<ul style="list-style-type: none"> ▪ Training and communicating ideas and new approaches to employees. ▪ Child labour and forced labour (slavery) addressed 100 years ago with the happenings in West African cocoa fields, where awareness for such issues were raised by a family member of the founder . 	<ul style="list-style-type: none"> ▪ Focus on child labour and environmental issues. ▪ Health and safety issues always part of the business since the establishment of the Company. ▪ Last ten years, growing awareness of the issue of CSR throughout the upstream and downstream of the business. ▪ Started with donations to institutions with focus on education and health then progressed into wider issues into sustainability.
Conclusion	<ul style="list-style-type: none"> ▪ Leadership and performance are integral for further development of sustainability. ▪ Transparency is vital. ▪ The necessity to work together. 	<ul style="list-style-type: none"> ▪ The issue of CSR is more practical than theoretical – business logic. ▪ Understanding the Company and its barriers in dealing with sustainability and CSR.

Figure Captions

Figure 1: CSD Framework

Figure 2: Global Reporting Initiative

Figure 3: Three Dimensions of Sustainable Development

Figure 4: Five Notions of Sustainable Development

Figure 5: Conceptual Framework

Figure 6: Research Design

