

# **CORPORATE SOCIAL RESPONSIBILITY IN FOOD RETAIL STAKEHOLDER DIALOGUE IN CATEGORY MANAGEMENT**

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## Abstract

Corporate Social Responsibility, (CSR), builds on the notion of an extended perspective of values and criteria for measuring organizational (and societal) success, founded in economic, social and environmental aspects of corporate conduct. Assuming that CSR applies to all industries, food retailers are particularly exposed as being a link between resources, primary productions, processing and consumption on global fast moving markets. One way for retailers to differentiate is associated with taking responsibility, being accountable for what is being offered to the consumers, referred to as category management.

The objective of this study is related understanding how category management, development of a product policy, is managed in a stakeholder dialogue. The case centres on a large food retail corporation in Sweden, Axfood Sverige AB, and key stakeholders, related to the development of a fish policy.

An extended stakeholder dialogue offers valuable exchange of knowledge and an opportunity to balance a wide set of values, for example, animal welfare, health and environmental concerns, in the development of category management decisions. Corporate challenges are associated with selection of stakeholder dialogue partners, consistency in information, shared value creation and the underlying query of corporate *raison d'être*. (191 words)

**Key words:** *Case study, category management, corporate social responsibility, CSR, dialogue, food retail, shared value, shrimps, stakeholder theory, Sweden, WWF*

# CORPORATE SOCIAL RESPONSIBILITY IN FOOD RETAIL STAKEHOLDER DIALOGUE IN CATEGORY MANAGEMENT

## 1. Introduction

Corporate Social Responsibility (CSR) builds on the notion of the triple bottom line (Elkington, 1998) where a private organization is not merely defined by its profitability but by its sense of commitment and responsibility towards its internal and external stakeholders (Solomon & Flores, 2001, 74). The concept is intimately tied to external pressures as “CSR is about adapting to the ever changing social reality and about making oneself fit to take societal demands seriously” (Pompe and Korthals, 2010, 370). Businesses, regardless of industry and size, are active members of society, which is reflected by context bound visions, social realities and operations in accordance with regulations.

The academic field of CSR remains fragmented and contested (Ooesterhut and Heugens, 2008), which leaves room for continued epistemological dialogues. There is a contemporary notion that on one hand drives the concept CSR towards a more political perspective (Shamir, 2008; Vallentin and Murillo, forthcoming) and on the other hand pulls it towards a strategic management standpoint (Porter and Kramer, 2011). Porter and Kramer claim that contemporary CSR is about creating shared value for society in order to legitimize business and “a new way to achieve economic success” (2011, 64). A shared value lens can be applied to every business decision as it is seen as an integrated way to create policies and operating practices, which enhances the competitive edges of a company, while at the same time developing social and economic conditions of the communities they operate in.

Assuming that CSR applies to all kinds of industries and business, one industry that faces the vast majority of all individuals in the world in its daily operations is the food retailing. Consequently, values for multiple stakeholders are created in the retails’ day-to-day operations. Food retailers build the link in the value chain between farmers, processors and consumers, which enable them to benefit from a powerful influencing position (Tansey and Worsley, 1995). Yet, this is also associated with a number of different challenges related to margins for making profits and production and market structures.

Key corporate challenges relates to low margins for Fast Moving Consumer Goods (FMCG) compared to relatively high fixed costs, especially for retailers (Corstjens and Corstjens, 1995, 7). Moreover, food retailers, like any other profit orientated organization, are subject to a highly competitive and changing environment, changing preferences and food habits and therefore must ensure to constantly attract consumers beyond their product range (Tansey and Worsley, 1995).

Another set of challenges is associated with the structure of the food value chain. It is characterized by a globalized network of different actors that require a high degree of trust for fulfilment of specific and implied agreements, expectations and standards. The network activities are coordinated in various kinds of dialogues and systems for labelling, tracking and agricultural practises (2002, Teisl *et al.*). Consequently, not just within the realm of agribusiness, retailers are attributed a distinctive position in the entire value chain. Being positioned at one end of the food chain, food retailers, in a top-down approach, have to ensure and communicate best practices in line with their corporate ambitions throughout the food chain; on the other end, in a down-top approach, hold a superior influence on consumers’ choices as well as the range of products the consumers can make their choices within. This

multi-stakeholder context is associated with particular implications for CSR strategies within not just the food-retailing sector.

One way to operationalize CSR ambitions for retailers is by tailoring the product offers for the consumer, referred to as category management. It may imply decisions of offering or not offering a product or a product category, choice of suppliers and promotional activities related to a certain category (Ottoman, 2011, 168). These decisions are of strategic nature, strongly tied to the corporate identity, and yet they are expressed in the daily operations. Numerous interests and perspectives are balanced in category management decisions. Given the complex structure of a food chain, the idea of developing dialogue partners for making wise category management decisions that reflect accountability embodies a potential way to work towards the efficient use of resources, best practices and shared value creation. These decisions are balancing short-term corporate interests with long-term benefits for society at large as a part of CSR objectives.

This paper is based on an empirical case study of a large food retail corporation in Sweden, Axfood Sverige AB, and their stakeholder dialogue partners. It focuses on the category management decisions concerning developing a sustainable fish policy. Despite the fact that sustainability issues in the aquaculture production are of general concern, the debate tends to focus on individual species, in this case, the tiger shrimp. The aim of this study is to describe how CSR is managed through category management decisions in an institutional context that expects maximizing returns on invested capital – and yet commitment to shared value creation in line with sustainable business development.

Key questions of interest in this paper are concerned with external dynamics, particularly which stakeholders are given voice in the development of a fish policy that serves as a guide in category management decisions and the internal dynamics.

- ✓ What is the organizational sense-making of this operational CSR decision? In other words, how do internal corporate stakeholders validate their category management decisions?
- ✓ The larger question remains, what could be the role of category management when it comes to CSR ambitions?

## **2. Approach**

Given the strategic nature of issues related to category management, it takes confidence and trust to embrace transparency objectives in corporate communication, in other words to reveal empirical data. The nature of the area of studies also implies the need to understand the context of Axfood's fish policy. These conditions serve as background for presenting the case, based on extended stakeholder analysis using an explorative approach with a flexible research design (Robson, 2002). The research paper represents the current perspectives of stakeholders associated with the tiger shrimps case in relation to the second largest retail actor in Sweden, namely Axfood Sverige AB (www, Axfood, 3).

Empirical data for this single case study (Yin, 2003) was obtained primarily through a qualitative approach such as personal and telephone interviews with key stakeholders. By means of stakeholder theory, established by Freeman (1984), a multi-stakeholder approach was used when selecting the interviewees (Table 1). The main criterion for selection was based on their role and impact as stakeholders in relation to the development of Axfood's fish

policy (www, Axfood, 2). The types of interviewees were chosen based on Henriques and Sadorskys (1999, 89) typology of stakeholders.

An academic literature review provided the starting points for developing an interview guide, which was complemented by an empirical literature review. An interview guide was prepared and sent out a week prior to the interview focusing on stakeholder involvement and issues centred around tiger shrimps. The interviews were semi-structured with open-end questions, allowing for a continuous validation of information during the interview. A summary of the transcript was also sent out to each respondent for validation, with the possibility of any corrections and additions. Efforts have been made to avoid the pitfall of ‘manufactured data’ (Silverman, 2007) by limiting subjectivity through a careful validation process and sensitivity of the researchers. In practical terms, this translates to careful documentation and a step-wise validation process in interview procedures as well as confirmation of transcripts. Additionally, secondary data was used for data triangulation.

### **3. A theoretical perspective**

In order to arrive at an understanding of how the external and internal dynamics drive the process of operational changes, as in the case of Axfood’s fish policy, the selected theoretical framework focuses on stakeholder theory and a CSR sense-making framework developed by Basu and Palazzo (2008).

#### **3.1 Stakeholder theory**

The stakeholder notion was already introduced in the 1960’s and re-interpreted gaining international recognition in 1984 by Freeman (Preble, 2005). He defined a stakeholder as “any group or individual who can affect or is affected by the achievement of the organization’s objective” (Freeman, 1984, 46). Since, considerable versions of this definition have emerged focusing on different aspects. Such as Rainy in 2006 defining a stakeholder more specifically as “any individual or group that is directly or indirectly affected by the products, programs, processes, and/or systems, but does not directly benefit as an economic participant such as a customer or supplier” (2006, 711). Stakeholder theory aims at identifying such groups and individuals that are connected to a firm’s environment with the intention “to broaden management’s vision of its roles and responsibilities beyond the profit maximization function to include interests and claims of non-stockholding groups” (Mitchell *et al.*, 1997, 855), but also places importance to stakeholders involved and who should be addressed in what way. Henriques and Sadorskys (1999, 89) have identified four main types of stakeholders in the context of environmental management;

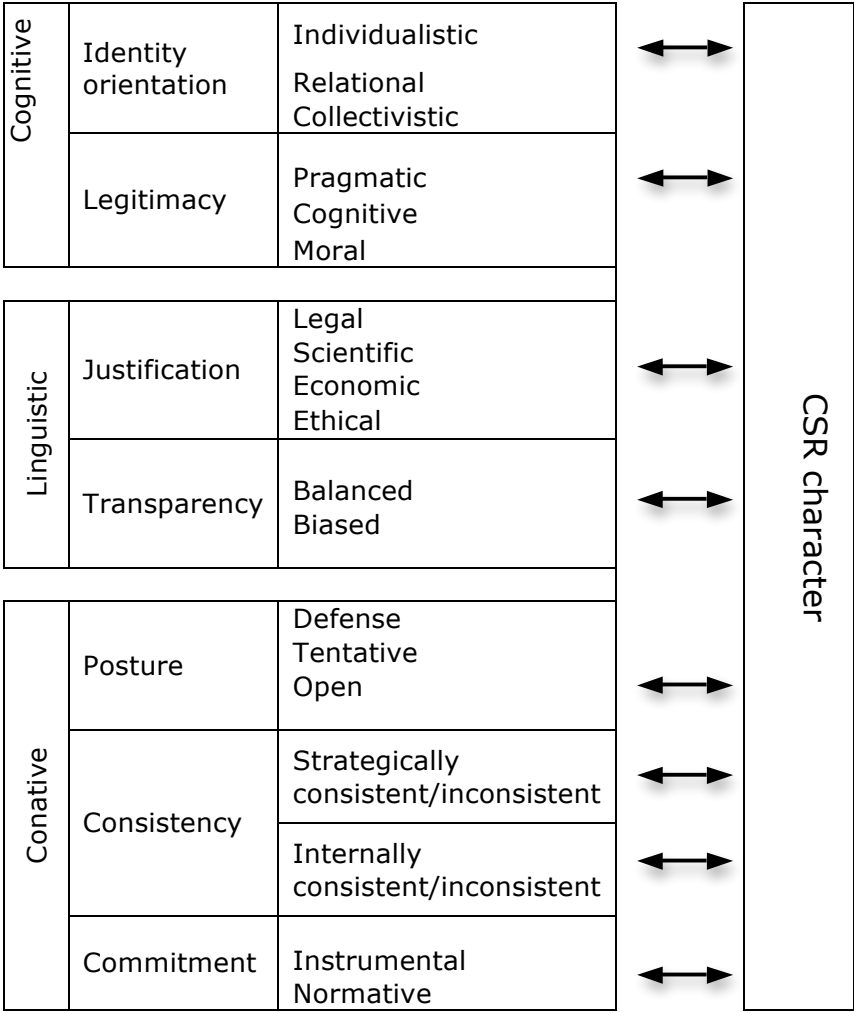
- Organizational (**o**),
- Regulators (**r**),
- Community stakeholder, society (**s**) and
- Mass media (**m**)

Within this typology the organizational (o, organizational stakeholders in relation to Axfood Sverige AB), regulators (r, legal enforcement and standard accrediting agencies), society (s, represented by NGOs, experts, governmental agencies etc) and media (m) are recognized. In our approach, media is not included through a designated ambassador, yet we have given media influence special attention in our literature review. In this case study, challenges

associated with this typology relate to the blurred roles of NGOs and media, which were recognized in our analysis. Even though stakeholder theory offers “a valuable device for identifying and organizing the multitude of obligations that corporations have to different groups” it does not offer an easy ‘to do list’ (Ottoman, 2011, 197).

**3.2 CSR sense-making framework**

Following Basu and Palazzo (2008), it can be demonstrated how some firms might react differently to the same external realities based on their CSR characters. Basu and Palazzo (2008, 124) define CSR “as the process by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioural disposition with respect to the fulfilment and achievement of these roles and relationships” (2008, 124). This assumes CSR as an intrinsic part of the organization, which becomes apparent in what the organization thinks, communicates and tends to do (Basu and Palazzo, 2008). According to the authors, this framework (Figure 1) can help to support a CSR analysis (*ibid*, 2008).



**Figure 1 CSR character framework adopted from Basu and Palazzo (2008, 133).**

The framework (Figure 1) illustrates that the CSR character of an organization is influenced by three components; cognitive, linguistic and conative processes. Each of the process is then split into different dimensions and consequently a CSR direction, which indicates the CSR character or even the identity of an organization.

As this model is rather static, it is associated with drawbacks to study processes as well as the complex concept of identity. This is especially important in the context of CSR, as the field is still in transition as are organization and their identities (Albert and Whetten, 2004). Yet, it serves as an illustration of Axfood's corporate orientation and therefore provides the basis for understanding the underlying process that drive operational decisions, such as in the creation and execution of their fish policy.

#### **4. Findings - Axfood and the empirical context of the case**

This section represents the core of the paper, the empirical study. First, it provides important background empirics about the Swedish retail environment and the market for tiger shrimps. Thereafter, it presents the findings and analysis for the different stakeholders as well as Axfood's CSR character.

##### **4.1 The tiger shrimp case from a Swedish retail perspective**

Tiger shrimps (also referred to as tropical shrimps) belong to the family of prawns, which production is greatly considered unsustainable for different reasons (www, WWF SASSI, 1). The case of tiger shrimps is especially interesting as it affects social and environmental issues globally. In brief, social aspects encompass the loss of livelihoods in the production regions, unemployment, child labour, resources used for export and delay of local socio-economic development, and so on (www, WWF, 2; www, ASC, 1). Environmental issues include among others the decline of biodiversity, water quality, degradation of mangroves (salt-water tolerant trees), by catch (turtles, sea horses, sharks, etc) and pollution (www, WWF, 2; www, ASC, 1). As of today there is no reliable labelling system that would allow for information transparency regarding production methods, farmed and wild caught tiger shrimps. Yet, due to the constant raise in demand for tiger shrimps, especially from Western societies, production has drastically increased over the last three decades in order to meet this demand. Tiger shrimp production is mostly located in developing countries in South East Asia (80 percent) and South America (20 percent) (www, IUCN, 1).

According to The Nielsen Company (Anonymous, 2007), the Swedish retail market in terms of market share is dominated by three major retailers, ICA, Axfood and KF-Coop. ICA owns the majority of the total market with 45.9 percent, followed by Axfood (19.3 percent) and KF-Coop with 18.5 percent. Smaller retail chains such as, Bergendahls, including Vi-stores, amount for 5.3 percent of the total market share, while Lidl holds 3.2 percent and Netto 2.1 percent (www, Axfood, 2010, 3).

As illustrated in Figure 2 below, during the period between 2007 and 2010, total sales of tiger shrimps in Swedish retail market has varied between approximately 4,4 and 6,6 million EURO (40 – 60 million SEK), yet the absolute difference between period 1 and 3 equals to 900 000 EURO (8 million SEK, Nielson data, 2010).

Axfood's sales of tiger shrimp decreased by 80 percent between period 1 and 2 (Figure 2). In period 3, Axfood's share of the total tiger shrimp sales amounted to 1.42 percent (going from 13.25 percent in period 1), due to sales of previously stocked products. During 2009 and 2010, ICA alone stood for 65 percent of all tiger shrimps being sold on the Swedish retail market; Coop 12 percent. This data does not reveal the impact of fluctuations in the price of tiger shrimps.

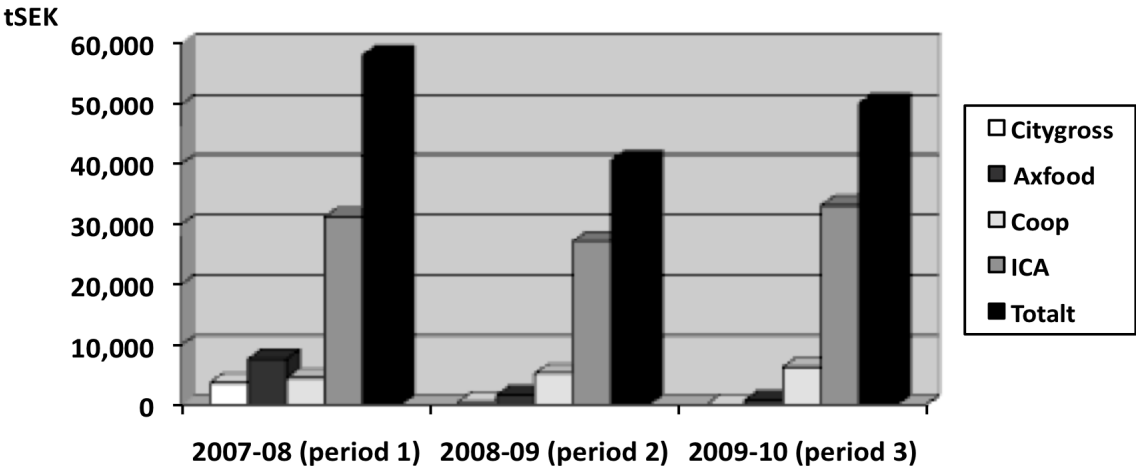
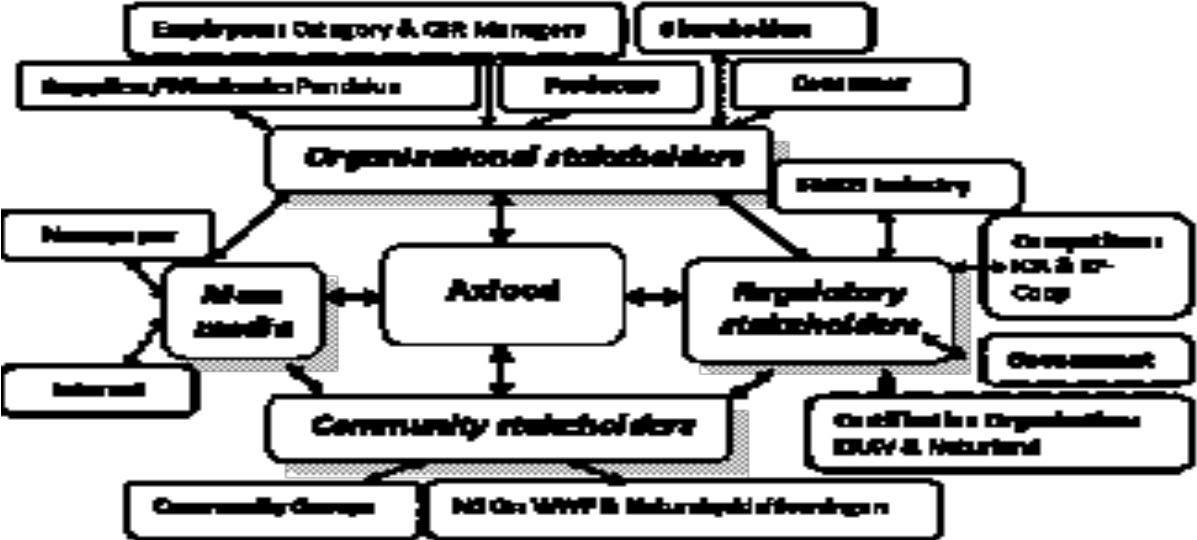


Figure 2 Sales of tiger shrimps on the Swedish retail market between 2007 and 2010 (Nielsen data, 2010).

Since total sales have only decreased slightly between period 1 and period 3, competitors have gained market shares accordingly. This implies not only that sales of tiger shrimp in the Swedish retail market have been partly driven by the supply of Axfood's competitors, but also that there is an explicit consumer demand.

4.2 Who are the stakeholders in the case?

The tiger shrimp case seen from Axfood's perspective is driven by a number of external and internal stakeholders such as NGOs (WWF, Naturskyddsforeningen), competitors (such as ICA and KF-Coop), certifying organizations (KRAV, Naturland), suppliers (Pandalus), consumers, media as well as Axfood's managers. Figure 3, presents Axfood's stakeholders in relation to the tiger shrimp case following Henriques and Sadorsky's classification (1999).



**Figure 3 Illustration of stakeholder dialogue regarding tiger shrimps.**

The illustration (Figure 3) shows the interconnectedness of the stakeholders involved. Some of the stakeholders are invited to participate in a direct dialogue, such as the WWF, while others' interests are balanced in an indirect way. In 2008 Axfood implemented a fish policy following the recommendation on red listed fish species by the World Wide Fund for Nature Sweden (WWF, Världsnaturfonden). As mentioned in the approach section, stakeholder theory was used to select key interviewees. Table 1 summarizes the voice and opinion of selected stakeholders in the tiger shrimp case based on which externally and internally influence the decision making process.

**Table 1 Interviewees, type of stakeholder and orientation using Henriques and Sadorskys (1999, 89) typology (o organization, r regulatory, s society and m media).**

Type	Organisation	Interviewee	Position on Tiger shrimp
(o)	Axfood Sverige AB	Johan Walléen Product group manager	Sees tiger shrimp as a lucrative product for Axfood, hoping for a joint decision on the issue
(o)	Axfood Sverige AB	Åsa Domeij Head of Environment and Social Responsibility	Wants to address sustainability issues correctly, enhance image & credibility
(o)	Konsumentföreningen (The Stockholm Consumer Cooperative Society)	Louise Ungerth Head of Consumer & Environment	Support KF-Coop in trying to sell alternative, more sustainable options (organic)
(o)	Pandalus	Peter Arvidsson CEO	Promote sale, waiting for outcome from Aquaculture Stewardship Council Dialogue
(s)	Naturskyddsföreningen (Swedish Society for Nature Conservation, SSNC)	Kajsa Garpe Manager , marine eco-systems and fish industry	Against all form of large-scale production and sale of tiger shrimp – no sustainable way
(s)	Världsnaturfonden WWF	Inger Näslund Experts on marine production	Working on sustainable solution (Aquaculture Stewardship Council Dialogue), which is not supported by Swedish Society for Nature Conservation
(r)	Naturland	Stefan Holler Responsible for S-E Asian Aquaculture certification	Promote certified organic shrimps for German, Swiss, Austrian and UK market
(r)	KRAV	Lars Hällbom Director of Regulatory Affairs	Will not certify due to social issues in production and affiliates with Swedish Society for Nature Conservation. Waiting for outcome from Aquaculture Stewardship Council Dialogue
(r)	Svensk dagligvaruhandel (Swedish Food Retailer's Federation)	Per Baumann Coordinator, Product Safety & Legislation	Fish case is treated as competitive matter, each retailer can choose individually

The Swedish Food Retailer's Federation (Svensk Dagligvaruhandel) role is to develop principles and professional guidelines for Swedish food retailers (www, SDH 1). The organization's overall objective is to ensure consumers' interests (www, SDH 2). All three major retailers are currently members of this organization and decided that the entire fish category is to be treated as a competitive matter when it comes to marketing activities (P. Baumann, personal communication 23 July 2010).

WWF (c) is one of the largest and most well respected global environmental organizations, which offers guidance on a so-called "green, yellow and red listed fish" (www, WWF, 1; www, WWF, 3). As the founder of Aquaculture Stewardship Council (ASC) WWF, in collaboration with other stakeholders, are currently in the final stages of the 'Shrimp Aquaculture Dialog', which aims to create standards that minimize social and environmental impacts of aquaculture processes on farm level (www, ASC, 2). Yet, at the moment, WWF Sweden classifies both farmed and wild caught tiger shrimps as red listed (WWF, 2009, 49). WWF associates both production methods with environmental and social problems, where the labelling is problematic as the information on how the shrimps are currently produced is perceived as inadequate (I. Näslund, personal communication 30 July 2010). By basing its fish policy on the recommendation by WWF Sweden Axfood committed to not selling fish and shellfish from threatened populations such as the tiger shrimps (www, Axfood, 2010).

Axfood's competitors, KF-Coop and ICA, have made similar decisions regarding implementing sustainable fish policy, yet their approach and execution differs due to

corporate structure and ambitions. For example, in 2009 ICA decided to remove tiger shrimps from their centrally purchased product range, yet this does not prevent the individually run stores to continue selling tiger shrimps. KF-Coop initially declared on their website that they will continue to sell organic tiger shrimps certified by Naturland, yet there have been some recent changes (www, Coop, 1). KRAV (r) and Naturland (r), two organic certifying organizations, have different views on the tiger shrimps. KRAV does not offer certification for tiger shrimps, due to social issues associated with the production processes (L. Hällbom, personal communication 30 June 2010).

This view is strongly influenced by the Swedish Society for Nature Conservation (s) (SSNC, Naturskyddsföreningen), a non-profit environmental organization that works to preserve natural assets, both in Sweden and globally (www, SNF, 1). Naturskyddsföreningen is one of the 27 members of KRAV and also a member of KRAV's board of directors. Naturland, on the other hand, a German based association for organic agriculture is certifying organic tiger shrimps from various countries (www, Naturland, 1) holds a different view. However, this does not automatically imply that they are sourced sustainably according to other criteria as proposed by WWF. Yet, according to Stefan Holler, Naturland certifies the organic product, which also includes social and environmental aspects requirements associated with the production process (personal communication, 8 June 2011). Naturland's products were sold on the Swedish market through Pandalus (o), a wholesaler of fish and shellfish industry, which works exclusively on retail and wholesale trade where sales are made at central level (P. Arvidsson, personal communication 17 June 2010). Upon until 1 July 2010 KRAV was the only accepted certification of organic aquaculture products sold in Sweden, and since KRAV does not approve the organic certification of Naturland for tiger shrimps the product was redrawn from the market (www, EC, 1). Pandalus is waiting for the outcome of the ASC and works at the same time to supply traceable shrimp that meets the criteria that the dialogue might result in.

Finally, Stockholm Consumer Cooperative Society (KfS) is a consumer cooperative membership organization, which does not operate in the retail business, but is a partner of KF-Coop. The cooperation (o) supports Coop's ambition to try selling better products, rather than totally removing the product from their stores.

#### **4.3 Axfood's CSR character and decision making in the case**

Axfood's CSR character is described below using the process and dimensions offered by Basu and Palazzo (2008). Table 2 shows an overview of the attributes that can be associated with Axfood's CSR character.

**Table 2. CSR character according to Basu and Palazzo (2008, 133).**

<b>Process</b>	<b>Dimension</b>	<b>Axfood's character</b>
Cognitive	Identity orientation	Relational/Collectivistic
	Legitimacy	Pragmatic/Moral
Linguistic	Justification	Economic/Ethical
	Transparency	Biased/Balanced
Conative	Posture	Open
	Consistency Strategic	Consistent
	Consistency Internal	Inconsistent
	Commitment	Normative

By means of this categorization, the analysis follows the same structure, by relying on expressed information within the framework of the case.

### **Cognitive – What Axfood thinks**

Axfood can be seen as having a relational identity orientation with a tendency to collectivism, as Axfood perceives its stakeholders rather as partners in that matter. In establishing the fish policy Axfood chooses to involve and rely on the recommendation of a NGO, WWF. Axfood's decision was influenced by the pressure from the environmentalist groups and the public commitment to the environment (Å. Domeij, personal communication, 18 August 2010). According to Domeij, the particular advantages from working with an established NGO are associated with major external credibility and access to vast knowledge in the field (*Ibid.*). WWF was preferred over Naturskyddsöreningen as they have a practical and easy to follow fish guide. This relates to a pragmatic approach in reaching legitimacy. Yet, the approach is not purely pragmatic but associated with moral ambitions, as the aim is to create new, proactive norms within society. Axfood trusts WWF's vision of transforming the market towards a more ecologically sustainable production and trade through the ASD. Until then, the NGO and Axfood accordingly take a total stand against the consumption of tiger shrimps (*Ibid.*).

### **Linguistic – What Axfood says**

In 2008, Axfood made a press release that the company is accelerating the pace of its CSR initiatives, which apply to activities in different fields from transport to energy consumption, ecological products and other product range issues. One example of this initiative was announced to be the company's fish policy, which covers the decision not to sell fish, and shellfish products in the stores that are classified as "Red Listed" by the WWF (www, Axfood, 4). This was further explained as highlighting the marketing of more sustainable sea products in the range of KRAV, ASC or Marine Stewardship Council (MSC) labelled products. This implies as economic as well as ethical justification. Axfood's transparency can be described as rather balanced, even though bias is hard to avoid, given the character of businesses in general. Axfood perceive their role on the issue of tiger shrimp as a change agent as they set the fishing policy applied throughout the company. However, Domeij (personal communication, 18 August 2010) believes they should communicate their sustainability efforts more extensively to the consumers.

### **Conative – What Axfood does**

Axfood's posture can be described as open, as they are welcoming dialogue through different channels such as social and print media, partnerships, public relations, etc. Strategically Axfood can be considered as consistent, yet internally they might encounter some inconsistency due to conflicting goals. For example, Johan Walléen Axfood's responsible

category manager has mainly an economic approach where the possibility of offering tiger shrimp is a source of income. The removal from Axfood's product category naturally led to loss in sales, even though the product itself was rather a service product (personal communication 15 July 2010). Yet, Domeij, CSR manager, stands firm on following the WWF recommendations (personal communication, 18 August 2010). Axfood's commitment can be seen as a moral one rather than instrumental, as there are no direct incentives associated with this decision and are linked to a more integrated CSR character.

## **5. Discussion**

After presenting the empirical findings and analysis, we will now turn to the discussion. This section is divided into two major parts; the first one focuses on inconsistencies and information asymmetries, and the second part relates to the over-all implications of a multi-stakeholder dialogue for category management.

### **5.1 Inconsistencies and asymmetries**

In a complex world, inconsistencies and asymmetries are bound to exist and therefore complicate addressing certain issues. WWF's recommendations on sustainable fishing matters seem to be dependent on the national and international context. When looking at different categories of stakeholders according to Henriques and Sadorsky (1999), it becomes apparent that opinions and approaches are different even within the same group or type of organization, such as NGOs or certifying organizations. For example, WWF Sweden, even though they are against the consumption of tiger shrimps as of the current situation, they are open to develop standards that would allow for a sustainable approach to produce tiger shrimps. By founding ASC, WWF is working towards developing a quality standard, which is assumed to have its limitations but move the tiger shrimps from the red to the green list. SSNC, a comparable Swedish NGO, does not see the possibility to find an acceptable standard. A similar division can be seen between KRAV and Naturland, which approach the issue differently from an organic certifying point of view. Stakeholders have a unique position, which can be also traced to their own identity and mission. Additionally, it seems that institutions and political agendas are strongly driving and/or hindering the process of developing globally accepted standards. Therefore, one has to carefully choose how to process which information and look at each stakeholder individually.

But this variety of information and requests also carries opportunities, as possibly not one stakeholder has a complete solution, but holds parts of it. Therefore, Axfood as well as other stakeholders can benefit from a multi-stakeholder approach. For example, Naturland's certification might not be the most sustainable solution, yet it aims at creating a better product and therefore creates values for a large amount of stakeholders involved by addressing social and environmental issues as well as meeting consumer demands. This ideal aim to create shared value for multiple stakeholders, as suggested by Porter and Kramer (2011), seems to be developing into a new trend. For example, the international food retail giant Wal Mart, has established a *Multi-stakeholder Sustainability Consortium* (Ottoman, 2011, 168) in order to influence the next generation of products, based on the involvement of different groups. Yet, such CSR ambitions seem to remain challenging.

## **5.2 Implications of an extended stakeholder dialogue in category management**

It seems that some stakeholder voices are more important for some decisions than others. It can be assumed that the choice for the relevant ones have to be based on trust; trust in the message and identity of such key stakeholders, as well as that the message corresponds with corporate ambitions and character. In the case of Axfood, trusting WWF is a militant decision, which has direct implications for Axfood carrying both risks as well as opportunities related to this decision. Yet, it raises a series of ethical dilemmas such as if it helps the fight against poverty to stop selling the product, which at the same time is a big source of income for the producer communities. It does fit the need of NGOs such as WWF and SSNC, but barely of other stakeholders. By choosing to follow WWF as main leader for Axfood's fish policy, Axfood takes an activist position, where the line between a NGO and business becomes blurry even though the overall goal is obviously conflicting, especially if we consider the basic question, what business are for (Handy, 2002). Therefore, it seems that Axfood's identity tends to act collectivistic.

Given ambitions of businesses to engage in CSR practises and extended their role in society, is category management the way to go in a proactive CSR scenario? Category management is one way to create shared value for business and stakeholders by at the same time addressing CSR issues. For example, on one hand category management can be adjusted to educate consumers and therefore empower them to act on issues and make their choices based on e.g. assortment choices and labelling. On the other hand a more radical approach, when the retailer takes decisions to not offer some products, limits the freedom of choice for consumers. Using category management it is a way to differentiate and align with the CSR character of the organization, where both ways enable retailers to act as change agent. Yet, does limiting choice create more value than empowerment? And if yes or no, one has to ask for whom? Those are pressing questions.

For this case, the sales statistics indicate that the total sales of tiger shrimp have not declined significantly over time. This points in the direction, that educating the consumers might be a more proactive way, as the demand seems to remain the same due consumer preferences and possibly lack of awareness. These results point to the important role of social marketing in educational efforts parallel to responsible corporate category management decisions.

## **6. Conclusions**

Category management serves as a strategic tool in the CSR toolbox. It is expressed in policies that guide product portfolio decisions. Companies make such strategic decisions as the result of their external and internal dynamics based on how they make sense of their position and how they relate it to their stakeholders. For the consumer it is manifested in the assortment offer of a product category, supported by expert encouragement, for example an eco-label, a certification or a communicated partnership dialogue concerning a particular product or group of products. The relationships in a stakeholder dialogue serves as a guarantee that may strengthen the overall commitment and thus the trust in the corporation. Choosing not to sell the product could be argued using the experts' verdicts and advice. Being accountable by not selling the product could in some cases be seen as taking double responsibilities – that of harmonizing a product portfolio with corporate values and that of educating the consumer in communicating the motives.

Challenges, related to aspects of building trust in category management are related to the choice of stakeholder dialogue partners and consistency in messages. The strategic decisions of product portfolio based on stakeholder dialogues expertise may be contested, as all stakeholders and experts rarely reach a consensus. Selecting the stakeholder dialogue partners, the expert, for example the NGO that offers guidance, is a subjective and political choice that may discriminate other stakeholders from the dialogue. There's also a risk of inconsistencies in messages over time as well as in different geographical locations. A more philosophical question regarding category management is that of if it is a sign of corporate commitment. Is it a political posture aimed at gaining competitive advantage? Or is it a relational effort aimed at CSR?

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