

The Corporate Social Responsibility in the Italian Agri-Food Sector

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Abstract: The considerable social, economic, legislative and political changes that have marked the agri-food sector over time have brought about new needs related to the ethical-social and environmental field. These requirements have imposed on organizations operating in the sector a change in their organizational and management models. In this context, CSR (corporate social responsibility) has assumed great importance in the context of the new managerial logic of agri-food companies, outlining a management model based on balancing the interests of all stakeholders, thanks to integration of traditional economic objectives with others environmental and social. This paper aims to examine, in the first part, the path that has characterized the enlargement of the corporate vision and the related responsibilities, towards aspects related to the ethical, social and environmental dimension, in the Italian agri-food sector. Subsequently, the current approach to CSR was outlined through a review of the main tools implemented. This is in order to evaluate the opportunities that may derive from a strategic orientation aimed at building the sustainability of organizations in its triple dimension: economic, environmental and social. Finally, the main critical elements that hinder the dissemination of CSR tools in agri-food organizations have been outlined.

Key words: Corporate social responsibility, value creation, socio-environmental tools.

1. Logical Framework

The agri-food sector is composed by an articulated range of interrelated activities that, through more or less complex processing processes, produce goods and services for the final consumer. At global level, the agri-food system is made up of about 570 million companies. Also in Italy, it represents an extremely important reality in terms of turnover, added value, number of employees and firms, contributing significantly to the image of Made in Italy in the world.

In 2016, the turnover of the agri-food industry reached 187 billion euros (€132 billion euros for the food industry and €55 billion estimated for the primary agro-zootechnical sector), equal to about 11% of GDP. The exports have exceeded 30 billion euros, reporting a trade surplus of over 10 billion euros [1].

Italy is the first country in Europe for the number of

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certified quality products (280 food and 253 wine), the world's leading wine producer, with 48.9 million hectoliters, and the second country in the world by number of restaurants with one or more Michelin stars (334) [2].

The Italian agri-food system is extremely heterogeneous and complex, characterized by different types of companies that have different dimensional classes (micro, small, medium and large) and various degrees of concentration (cooperatives, consortia, associations, etc.) as well as a plurality of areas of intervention (protected areas, urban and periurban areas, rural areas, highly specialized areas, productive districts, etc.).

It has always played a role of great importance both for the numerous and diversified sectors of which it is composed, and for the peculiarities that distinguish it, ranging from products from the agricultural sector having different quality characteristics, to products obtained from industrial transformations, characterized

by a high added value.

The agri-food sector is of considerable social, cultural and economic importance, due to the implications deriving from the evolutions over time in the tastes and traditions and, more generally, in the patterns of life and consumption. Around this sector revolve a series of activities—legislative and commercial, scientific and industrial, medical and technological—whose effects manifest a plurality of dimensions that relate to the religious, political, ethical, to the extent of involving others concerning the quality of life and the psycho-physical well-being of individuals.

Food products, in fact, aim to satisfy not only physiological needs (water, energy, protein, vitamin and mineral salts), but also interact with more complex mechanisms, such as those related to psychological aspects, social relationships, traditions and to local customs.

By virtue of these factors, a crucial role in this sector has always been played by consumers who, with their consumption patterns, can improve the performance of the agri-food system.

Consumers in their decision-making processes are increasingly careful to choose foods that integrate their traditions with environmental and social aspects. In this way, it is able to sensitize the productive organizations to use natural resources more efficiently, reducing environmental impacts along the supply chain and embarking on paths based on greater attention to ethical and social aspects. Among the latter, assume a leading role not only the respect and protection of the environment, but also the guarantee of acceptable working conditions, the absence of discrimination and exploitation against the weakest sections of the population, the equitable distribution of the value produced along the entire supply chain, the enhancement of territorial specificities of character landscape, cultural and social. These are expectations whose non-execution is routinely rebuked by the generality of companies in the agri-food sector.

The agri-food system, in fact, exerts a strong pressure on the environment. The agricultural sector, in particular, uses natural resources (such as soil, water, energy sources, etc.) but also artificial fertilizers, pesticides, herbicides, and is responsible for environmental degradation, biodiversity loss, eutrophication, climate change and the increase of toxic emissions and waste.

For example, inadequate agricultural practices may involve soil degradation processes that reduce its main functions. These processes are represented by the reduction of organic matter present in the soil, by erosion, by desertification, by contamination (e.g. by heavy metals), by waterproofing, by alkalization, by soil acidification, and by salinization.

In addition to this, intensive agricultural exploitation, mechanization and monoculture have led to a structural homogenization of the landscape and a simplification of production orders.

Regarding the organization and quality of work, the agri-food system is the sector in Italy that has more critical issues linked to at least three key factors. The first is the high incidence of irregular work; the National Institute of Statistics (ISTAT) estimates that every 100 employees, 20 are completely black. The organization of work is affected by the seasonal nature of the agricultural activity, which affects the times and methods of use of human resources and the small size of the agricultural enterprise, where the main role is played by the owner of the business and his family members, who they have generally poor managerial skills in business management and a low propensity for innovation [3].

The second is the high risk of the work carried out using dangerous machinery by workers, often improvised. In agriculture, in fact, 6.7% of accidents at work and 10% of fatal ones are concentrated. Lastly, the high incidence of immigrant workers, including many illegal immigrants, exponentially feeds the risk factors of both work irregularities and accidents [4].

Based on these considerations, there are many

requests from different types of stakeholders, which together with the complex dynamism of the reference competitive scenario have led to a redefinition of competitive strategies, management approaches and organizational structures.

To guarantee their survival, the agri-food organizations have had to include social and environmental objectives in their own institutional aims.

The aim of this work is to investigate the methods and tools that the actors of the agri-food system can use to meet the new expectations of consumers and other stakeholders.

The information provided in the literature has been useful to highlight that in recent years, organizations in the agri-food sector consider social responsibility as an innovative and differentiating strategy. Innovative strategy as aiming at the recovery and strengthening of some elements of cohesion centered on economic, social and environmental sustainability in the reference territorial context through a path that guarantees a high social quality and stimulates companies to introduce sustainable models in their strategies and policies. Differentiation strategy as it is able to make the company unique in its sector.

In fact, there is a widespread belief that companies that obtain positive results in the environmental and social field also achieve better economic results, activating virtuous circuits in terms of productivity, competitiveness and image in the medium to long term.

Section 2 therefore describes the current orientation towards social responsibility of Italian agri-food companies. The work focuses on the main critical elements that hinder the dissemination of CSR (corporate social responsibility) in agri-food businesses and on the potential opportunities derived from the ability to combine competitiveness and social responsibility.

Companies more oriented towards improving their performance, not only economic, but also environmental and social, are particularly vital and

resilient, able to understand and seize the opportunities for success and pursue innovative business ideas that enable them to establish themselves on the market. The processes of interaction between the various social actors lead, in fact, to a general renewal of the practices, processes, technologies and management of activities linked to the agri-food sector.

Based on the analysis, the main challenges that the agri-food sector will face and the role it will play for the building of lasting sustainability were analysed.

Section 3 concludes the paper by highlighting the main findings and outcomes of the study.

2. The Socio-Environmental Dimension in the Italian Agri-Food Sector

The operational tools through which the social responsibility policies are implemented in the agri-food companies are many and range from ethical codes to social marketing, up to the different types of social-environmental reporting tools. Agri-food companies also move according to further strategic guidelines to certify their ethical and social commitment. They can achieve voluntary certifications of product, process or system attesting the ethical and environmental sustainability of the production process, respect for the traditions of the territory, the quality and safety of food products, also the attention to health and safety on the workplace.

The implementation of the management systems and the relative certification, constitute, in particular, occasions for the improvement not only of the efficiency of internal processes, but also of relations with the socio-economic context in which the organizations operate.

In addition to the voluntary certification of management systems, in line with the standards ISO 9000, ISO 14000, SA 8000, OHSAS 18000 and common to all the sectors, the agri-food sector is characterized by wide affirmation of further types of certification, labels and quality standards that companies can adopt.

They range for example from Community trademarks of typicality, i.e. the PDO (protected designation of origin), PGI (protected geographical indication) and TSG (traditional specialities guaranteed), to the organic production method, all governed by EU Regulations [5].

Also the large-scale retail trade, in view of the increasingly significant role which it plays in the agri-food sector, has introduced new standards to which the agricultural holdings and the processing can adhere, undergoing rigorous checks and verifications of compliance.

Among the numerous standard, there is the Global Gap (formerly EurepGap), founded in 1997 by an initiative of the EUREP (Euro Retailers Produces Working Group), the association of the major European distributors, which promotes the use of GAP (good agricultural practices) that producers can adhere to¹.

Other important standards drawn up to facilitate the selection of suppliers by the large-scale retail trade are the BRC (British Retail) and the IFS (International Food Standard)².

There are, moreover, standards that attest to the religious conformity of foods such as the halāl and kosher certifications.

The ISO has also published a standard, for voluntary adoption, aims to harmonize the different standards for the development and management of safety and food traceability: the standard 22000:2005 Food Safety Management Systems—requirements for

organizations throughout the food chain³.

It should be noted that most of the companies of the Italian agri-foods sector continues to slight the advantages offered by the ISO standard 22000 preferring especially use the BRC and IFS schemes whose recognition is essentially limited to the countries of origin.

The voluntary instruments for the dissemination of sustainability in the three dimensions (economic, environmental and social, according the Triple Bottom Line approach [6], in the Italian agri-food sector are already largely consolidated, with the exception of ethical tools that require a different sensitivity of the companies (Table 1).

However, it is necessary to highlight that the systemic approach to sustainable management systems in the Italian agri-food sector has pointed out the evolutionary dynamics different—spatially and temporally—by type of production chain, with considerable differences between agricultural and food sectors. The agricultural sector has encountered many difficulties in expressing its own operational interpretation of the philosophy of social responsibility, difficulty in part attributable to the known factors of inefficiency that characterizes the structure of this sector in Italy, among which should certainly be counted the uneven growth, fragmentation, the reduced dimensions, the spatial dispersion, as well as the rigidity of productive factors and the lack of vocational training.

Farms are also less organized from an administrative point of view, do not have accounting and reporting tools. Furthermore, the agricultural sector is characterized by a structural lack of managerial capacity.

However, as seen, CSR tools are not very widespread also in the food sector.

¹ The requirements included in this standard, exclusively directed to the agricultural sector, are referred to the various phases that characterize the work undertaken by the selection and crop rotation, use of fertilizers and pesticides, irrigation systems, systems for the collection, handling and preservation of the product, safety of the operators, etc.

² The first was drawn up by the BRC, the organization that represents the main operators in the large-scale distribution in Great Britain, while the IFS was developed jointly by organizations that represent the great German distribution and French. They are both directed to processing factories and are aimed at ensuring, with reasonable certainty, constancy and uniformity of the quality requirements of the products.

³ This standard, contemplating the mandatory application of the HACCP system, it integrates the methodology by providing the identification and control of all the dangers inherent in the exercise of the activities of the organization and relating the healthiness and safety of the food, up to the moment of its consumption.

Table 1 Certification of Management Systems registered in Italy in the agri-food sector.

	2010					2016						
	ISO 9001	ISO 14001	OHSAS 18001	SA 8000	ISO 22000	Organic	ISO 9001	ISO 14001	OHSAS 18001	SA 8000	ISO 22000	Organic
Agricultural sector	310	60	1	1		38,679	307	93	43	37		55,567
Food sector	3,360	735	52	59	26	5,636	3,538	838	503	230	839	7,944
Italy	75,456	6,748	1,376	870		47,663*	82,471	11,654	5,106	997		72,154*

*Includes companies (3,348 in 2010 and 8,643 in 2016) operating in both the agricultural and food sectors.

Source: Processing of data Accredia, 2017 [7]; Social Accountability Accreditation Services, 2017 [8]; SINAB, 2017 [9].

A careful analysis of national and international dynamics shows that the orientation of entrepreneurial organizations towards social responsibility reflects inevitably the company size. Indeed, the adoption of the relevant instruments is limit among SMEs (small and medium-sized enterprises) while, on the contrary, represents a prerogative of larger organizations.

The actions, models and tools for CSR, in fact, are essentially designed for large companies, often operating in several countries, and therefore more exposed to stakeholder pressures on environmental and social performance [10].

This set of tools is therefore result hardly adoptable at small and micro-enterprises SMEs, many of which are family run, which characterized the agri-food sector.

The reasons for this are due to a multitude of reasons, among which it is worth highlighting that agri-food SMEs, on the one hand, show little knowledge of the practices and tools that can be adopted and, on the other, consider the implementation of CSR tools to be overly complex and burdensome.

In fact, the proper implementation of social responsibility pathways requires specific skills and high organizational capacity, coupled with a strong focus on adequate and incisive communication policies: all these factors, generally absent in smaller organizations.

These factors must be flanked by other, including the limited availability of financial resources, which makes agri-food SMEs little inclined to make plans and investments with returns in the medium-long term [11].

The realization of correct and effective social

responsibility strategies create value, consensus and reputation in the medium-long and require a structured and lasting involvement of the stakeholders.

However, although it is an aspect still little explored from a theoretical point of view, the investigations to the analysis of behavior and socio-environmental agri-food SMEs in Italy have highlighted a discreet attention in respect of aspects linked to CSR [4].

In fact, many companies have initiated activities, initiatives and experiences within them that, even if not explicitly labeled as CSR tools, reflect some typical characteristics.

Indeed, based on analysis founded on behavior towards the main stakeholders rather than the formal adoption of the instruments, it can be affirmed that the socio-environmental commitment is not a marginal element for agri-food SMEs and that they are often socially responsible.

This is because, in the face of known weaknesses, agri-food SMEs have strong points, consisting of true and own peculiarities able to facilitate the path oriented toward a Triple Bottom Line approach [12].

Suffice to think of the strong and immediate recognition of the entrepreneur's figure and its central role in making decisions, flexibility and ease of adaptation to changes in the context of reference, interpersonal relationships characterized by broad involvement with strong emphasis on human values and of the person, due to the widespread ability to develop a plot of positive relationships according to informality typical of small contexts.

They are substantially constituted by a strong attention to the needs of employees and those of the

territory, which often comes from the value system that drives the entrepreneur-owner, or the family of reference in the case of companies' family.

Moreover, the deep roots in the local socio-economic context of agri-food SMEs allows them a close link between enterprise and territory, recalling the *modus operandi* previous to the phenomenon of globalization, a link that feeds informal relationships and forms of mutual help. Productive Districts also often have a social value, which transforms them into areas of development of technical and commercial knowledge, entrepreneurial culture, educational and training structures, services to workers and their families.

3. Conclusion

The findings of this paper highlight how there is still space to introduce best practices in a systematic way and to adopt the correct CSR instruments in agri-food SMEs.

The organizations of the sector are today in a complex system of relations with various stakeholders each of which specific pressures. A system in which new threats and opportunities open to businesses that cannot be ignored. The challenge consists in knowing how to combine competitiveness and social responsibility.

The study provides several useful insights. There is a growing awareness of the need to improve the economic, environmental and social performance of the sector at all stages of the supply chain in order to achieve sustainability.

The agri-food sector may be one of the biggest contributors to shaping the sustainable development.

It is thus necessary to delineate innovative approaches, designed for agri-food SMEs, wherein the CSR should be interpreted as company stakeholders responsibility in order to avoid the diffusion of "standard practices" and to promote "corporate behaviors" capable of effectively combining responsibility and competitiveness.

They will have to provide information and awareness-raising, able to put in light of the potential and reflections on the competitive performance. This creates a stable, systematic and planned link between socio-environmental commitment, stakeholder engagement, and enhancement of communication.

Sometimes it is the low propensity to communicate, especially to the outside, which obscures social engagement in agri-food SMEs making them "operators silent" of CSR.

Greater dissemination, transparency and communication of good practices and socially responsible behaviors could represent an important multiplier, capable of generating a sort of "domino effect" in a context such as that of agri-food SMEs, where imitation and re-interpretation are important ways of managing and organizing innovation.

For agri-food SMEs to acquire competence and capacity in terms of CSR they should promote forms of collaboration and exchanges of experience, perhaps with large sized companies which have already established significant knowledge and know-how in the field of CSR.

Particularly fruitful could be the adoption of network-based approaches or forms of collaboration between groups of undertakings at sectoral level or of territorial area or district, suitable to grasp the economies of scale and identifying real priorities for local intervention. In fact, in the case of small and very small organizations, the socio-environmental impact of the single actor is often insignificant, but becomes very significant when considering the district as a whole.

In this scenario, although the benefits in terms of image would be less as shared among the enterprises involved, even costs—the realization, survey, monitoring, reporting—would become more sustainable, due to the distribution between the different actors concerned.

The results presented here highlight the necessity of a collaborative approach among also the business community, policy makers, and institutions in order to

embrace the CSR as a business imperative, adopting models that create shared value and drive systemic change towards sustainability goals.

The Institutions can, in fact, promote the principles of social responsibility through a series of actions, ranging from the promotion of dialogue with and among the various stakeholders, from the use of economic incentives and/or rewards for socially responsible companies. Also through the preparation of guidelines for the ethical behavior of companies and the issues, they must face in order to be socially responsible.

Attention to socio-environmental aspects could become, for district businesses, an important lever of qualitative differentiation, capable of enhancing the wealth of intangible resources. Among them, the highest level of staff motivation, reputation among the social partners and, more generally, a renewed image of Made in Italy, where the social commitment represents a key factor in competitiveness and differentiation.

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