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# Towards new company models?

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*There are two forms of corporate commitment within the food system: the Social and Solidarity Economy (SSE) and Corporate Social Responsibility (CSR). While these two movements have developed independently of each other, at present both are contributing to the transformation of food systems.*

Among the many actors able to influence the sustainability of food systems, businesses have a key role to play. Their ways of doing so are as diverse as the companies themselves, which differ in both their functions (production, processing, distribution, services etc.) and their profiles (status, size, mission, geographical location, mode of governance etc.). The question then becomes how much room for manoeuvre these companies have, what their motivations are and which concomitant forms of commitment to food system sustainability exist (Marais, 2014). The economic, social and environmental responsibility approaches of companies operating in the food system follow two main routes: the social solidarity economy (SSE) and corporate social responsibility (CSR). This chapter looks at the benefits and limitations of these two frameworks and discusses the opportunities afforded by their articulation.

## The SSE: Solidarity as an anchor point

The SSE has its roots in the Industrial Revolution in Europe (Nicolas, 1988). The emergence of a working class in the late nineteenth century saw the formation of the first trade unions and the first consumer cooperatives, with the emblematic case of the Rochdale Society of Equitable Pioneers in the United Kingdom established in 1866: weavers came together to make joint bulk purchases and thus benefit from better prices. A few years earlier (1834), in the city of Lyon, France, Michel-Marie Derrion followed in the footsteps of Charles Fourier's socialist utopia and experimented with the very first consumer cooperatives (grocery shops, bakeries, clothing stores etc.) within the framework of a 'true and social commerce'. But the cooperative movement really gained momentum at the very beginning of the twentieth century with the creation of large consumer cooperatives such as La Bellevilloise, La Prolétarienne, L'Union and La Ménagère (Gautier, 2012). Similar organizations also developed in other European countries, particularly in Italy. Agricultural cooperatives emerged during the same wave: farmers pooled their production, then processed and sold it themselves without the help of merchants. The first wine cooperative, created in the Hérault region of France in 1901 under the name 'Vignerons libres de Maraussan' (Draperi and Touzard, 2003), sold its wine directly to La Bellevilloise in Paris. Over the course of the twentieth century, cooperatives gradually secured their place in the European and global economy. In 2021, the International Cooperative Alliance reported more than three million cooperatives in existence worldwide, mainly in the agricultural sector but also in the finance and insurance industries.

In France, SSE enterprises were historically defined by their status. They could be non-profit organizations, mutual benefit societies, cooperatives or foundations, which abided by the same ethical principles of shared governance, non-remuneration of capital and member satisfaction. Since the 2014 law on the SSE, this definition has become inclusive: social enterprises are not-for-profit private organizations providing goods or services directly related to their explicit aim of benefiting the community. They rely on a collective dynamic involving various types of stakeholders in their governing bodies, place a high value on their autonomy and bear the economic risks linked to their activity (Defourny and Nyssens, 2008). This change means that so-called traditional companies that commit to SSE principles can also be considered SSE enterprises. In France, a wide variety of forms of collective organization and legal statuses exist for agricultural and food activities.

The actions carried out by SSE organizations in the field of food and agriculture tend to have a strong collective and cooperative dimension, where joint reflection and planning are essential. In the agricultural and food sectors, cooperatives remain emblematic of this collective dimension, even if their precise actions and societal impacts seem difficult to define. Biocoop (distributor) and Ethiquable (importer, processor) are two examples of cooperatives committed to supporting organic farming or fair trade, which relies on producer groupings upstream (cooperatives or associations).

SSE enterprises are generally anchored in 'the local' and are 'at the service of' and 'connected to' their communities. According to Jérôme Blanc (2008), there is a form of sustainability inherent in the territorial anchoring of SSE enterprises that makes it difficult, for example, to imagine 'employee-members voting to relocate an activity that sustains them'. The boundary that can exist in traditional companies between external stakeholders (users, suppliers, customers) and internal stakeholders (employees, owners) partly disappears in SSE companies, which removes many obstacles to the development of sustainable initiatives (Akhabbar and Swaton, 2011).

Through its very principles, the SSE provides an avenue for the development of economic models geared towards serving the general interest. Many citizen initiatives developing in the sustainable agriculture and sustainable food spaces are rooted in SSE principles (Chapter 19). These initiatives may support professional integration, the development of the circular economy, fair trade and the development of more solidaristic and cooperative modes of production, processing and supply as well as other inclusive economic practices.[1] Their main objective is not the reproduction of capital but social utility. While SSE enterprises are ahead of the game regarding democratic governance, they sometimes fall short in environmental areas (Nyssens and Petrella, 2015). They are now being encouraged to better formalize their responsible initiatives, to improve the implementation of their founding principles (Bidet et al., 2019) and to measure their societal and environmental impacts in concrete terms.

Through its activist foundations and the specificities of its forms of organization, the SSE offers a promising way to co-build new shared narratives on the scale of territories and a new social contract on a national scale (Bernon and Morvan, 2021). At the same time, this is also forcing so-called traditional companies in the food system to change, especially the food processing and distribution giants.

## CSR: When 'traditional' companies take responsibility for their impacts

CSR originated in large companies which, from the late nineteenth century, concentrated capital, production tools and human resources, particularly in the United States. Spurred by a religious impetus inspired by Protestantism – or by Catholicism in France – and initially by philanthropic goals, the heads of these

[1] For an illustration, see the report *Alimentation durable et économie sociale et solidaire: les liaisons fertiles* (Bardot, 2020).

companies contemplated their responsibility towards society and the communities in which they operated. This was also partly about restoring their legitimacy, which was being challenged by various waves of social movements. The concept of CSR entered academia in the mid-twentieth century with the work of Howard Bowen (1953), who argued that the purpose of this approach for a company is to endow it with a mission that complements and is distinct from its profit motive. In the English-speaking world, this ambition was formalized in the 1970s through the concept of corporate purpose. For example, the Ben & Jerry's ice cream parlour chain, founded in 1978, broke ground by declaring from its early years that it was pursuing a 'triple mission' guided by economic, social and product goals (Utopias, 2021).

In the 1980s, corporate social responsibility became part of the 'sustainable development' movement. The Brundtland Report (Brundtland, 1987) greatly contributed to popularizing this concept. Consulting firms (such as SustainAbility, from 1994) facilitated the articulation of CSR and sustainable development within companies. In 1995, the world's major companies formed the World Business Council for Sustainable Development (WBCSD). The European Union, for its part, adopted CSR in the 2000s, particularly with the publication of a Green Paper (European Commission, 2001) that provided a reference definition of CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'. Since then, the definition has evolved and places more emphasis on impacts rather than on voluntary integration alone. It now refers to 'the responsibility of enterprises for their impacts on society' (European Commission, 2011).

Different degrees of CSR implementation exist, depending on the level of commitment of a company's leadership and the associated market outlook. These range from avoiding CSR or simply publishing indicators, in cases where the issue is peripheral to the company's activity, to placing transformation at the very heart of the company's business model (Abdirahman and Sauvée, 2014). Companies' CSR approach can be motivated by criticism levelled at them: as the industrial food system is criticized for the risks it presents (economic, health, environmental etc.; see Chapter 7) and for the opacity maintained by certain multinationals, it in turn feeds on this criticism and responds to it through its innovations (Boltanski and Chiapello, 2005; Lepiller and Yount-André, 2019).

In their most opportunistic forms, CSR approaches are rather inconsistent and mostly involve commercial niches (which ought to be distinguished from greenwashing – marketing practices that aim to give an illusion of environmental responsibility). Some companies thus invest in new markets initially considered as niches but with strong development potential, such as fair trade, organic farming or plant-based protein. Investment in these new commercial areas is most often associated with compliance with specifications and certification procedures to guarantee the sustainability of products (Alphandery et al., 2012).

Some companies develop their CSR approach after being 'shaken' by stakeholders demanding that they commit to more responsible behaviour. These stakeholders can be within the company itself (employees, shareholders etc.) or in the value chain (suppliers, customers, consumers), or they may be service providers and subcontractors, economic partners (banks etc.), public authorities, media outlets, trade unions or even NGOs, communities of citizens or inhabitants. Some NGOs' documented publications on companies' practices can have a strong impact on their trajectory. Examples include the Oxfam report[2] *Behind the Brands* (Hoffmann, 2013), which assessed the social and environmental policies of ten of the world's most powerful food and beverage companies in 2013,[3] and the *Soy Scorecard* report (WWF, 2016), which examined several major corporations' commitments and actions surrounding soy use in 2016. By mobilizing citizen power and public opinion, such organizations can exert pressure on food processing giants to change their practices positively in order to avoid coming under fire. This is what Weaver (1986) calls the 'politics of blame avoidance'. In the era of impact investing, reports such as that of the Food Foundation (which rates British supermarkets and restaurants) are playing a growing role among investors and shareholders who are increasingly eager to support responsible companies.

The effective implementation of CSR involves a large number of frameworks drawn up by different organizations. At the international level, these include the United Nations Global Compact (2000) and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, with a version tailored to 'responsible agricultural supply chains' released in 2016. It is also worth mentioning the reporting standards of the Global Reporting Initiative, an independent international organization founded in 1997 following the Exxon environmental disaster, and the Food and Agriculture Benchmark of the World Benchmarking Alliance. Finally, the ISO 26000 standard is the result of cooperation among more than 400 representatives from 99 ISO member countries (including sixty-nine developing countries) and forty-two public- and private-sector organizations. This standard offers guidance only; it is not certifiable. It was tailored to the food chain in 2019 with the ISO/TS 26030

[2] An international development organization that strives to mobilize citizen power to fight poverty.

[3] Associated British Foods (ABF), Coca-Cola, Danone, General Mills, Kellogg, Mars, Mondelez International (formerly Kraft Foods), Nestlé, PepsiCo and Unilever.

standard. It is important to note that the UN Guiding Principles on Business and Human Rights declared in 2011 also provide a framework for CSR based on respect for human rights, particularly within a company's supply chain or 'sphere of influence'.

One of the most emblematic private initiatives at the international level is the private label 'B Corp', which certifies companies that can demonstrate real impact in five major areas: governance, the environment, community, workers and customers. The ambition of the international community of B Corp–certified companies is to generate an ecosystem of businesses striving to improve their societal and environmental impact beyond their economic performance and to spread their 'best practices' to their suppliers, partners or customers.

The food processing giant Danone offers an example of a company that has explicitly stated its intent to make CSR issues central to its mission. The company's twofold founding project of pursuing economic performance hand in hand with social progress, which was undermined from the 1990s by the growing influence of financial rationales, gave rise to numerous initiatives over the following decade to restore its social legitimacy. For example, the company launched the Danone Communities solidarity fund[4] as well as a partnership with small farmers to guarantee them a 'decent standard of living'. By becoming Danone's first B Corp subsidiary, the company Les prés rient bio (Les 2 Vaches), which is developing a sustainable organic dairy industry in Normandy (using conversion subsidies and innovative contracts with partner dairy farmers), shows that a multinational can commit to preserving the interests of its stakeholders, even the least powerful ones.

Despite the transformations that large shareholding companies have introduced in their governance or management, driven by a desire to commit to strong sustainability, they remain subject to the capitalist imperatives of immediate economic profitability and shareholder remuneration, which can weaken their societal and environmental commitments. As for SSE companies, which are underpinned by a commitment to 'social responsibility', the reality of their practices also confronts them with their own set of tensions.

## Towards a convergence of models?

Although SSE and CSR are two distinct forms of commitment that have each followed their own path, some areas of convergence can now be observed. Some SSE enterprises have chosen to follow a 'traditional' CSR labelling route in

[4] Social investment fund created in partnership with Nobel Peace Prize laureate Muhammad Yunus.

order to strengthen their legitimacy and meet market requirements: there is growing demand from customers, traders and distributors in the food industry for companies to address new societal and environmental issues. This reflects the increased watchfulness – of consumers in particular – over the industry's practices. In 2017, a small group of cooperative wineries (SSE organizations) thus created the non-profit organization Vignerons engagés to initiate a collective CSR process. Their objective is to support the actions of winemakers within the framework of a global approach to sustainable development, enabling them to capitalize on their differentiation and bring new added value to their production. Beyond commercial considerations, this collective approach strengthens the entities' cooperative identity by professionalizing their practices through the implementation of a structured CSR process. It allows the cooperatives to 'reconnect' with their stakeholders, mainly the cooperative members. The commitment to new environmental requirements strengthens cooperative solidarity, thereby giving new meaning to this organizational model (Meyer et al., 2017). The cooperatives are thus striving to play a political role and demonstrate that, beyond the proliferation of labels in the agri-food industry – intended above all to send signals to the market – an authentic approach to responsible farming that is both federating and transformative can exist.

The proliferation of labels and certifications (Alliot et al., 2021) does however raise questions insofar as it allows any company, irrespective of its actual commitments, to display a 'green', 'local' or 'social' label on food products. This exacerbated commodification of CSR, which casts doubt on the transformative capacity of 'traditional' companies' voluntary initiatives, is paralleled by other potential limitations of SSE enterprises when these tend to prioritize growth, for example, thereby undermining their founding values in the process. Thus, the specific statutes of cooperatives, mutual benefit societies or non-profit organizations can appear as necessary but insufficient conditions to ensure the ESS's effective contribution to more sustainable food systems. Rather, the most promising potential lies in the combination of a strong political project led by organizations committed to a transition and a form of governance that guarantees the prioritization of social and environmental goals over economic rationales (considering these as means, not ends).

In parallel, CSR frameworks are shifting towards recognizing companies' social and environmental functions. In France, for example, the 2019 PACTE law introduced the status of *entreprise à mission* ('mission-based company'), which allows companies to state their raison d'être in the form of several social and environmental objectives beyond their solely economic mission, to which they were previously limited (Segrestin et al., 2021). In line with its twofold economic and societal project initiated in 1972 by Antoine Riboud, in 2020 Danone was the first French CAC 40 company to adopt this status, followed by other food processing companies such as the agricultural cooperative group InVivo. Mission-based companies feature a committee comprised of different stakeholders tasked with monitoring the fulfilment of the company's mission, and the implementation of the commitments is evaluated by an independent body. The creation of this status seems to bring CSR closer to the SSE, but a difference between the two approaches remains. In the case of CSR and even mission-based companies, profit is still the company's primary purpose. What this status recognizes is the ability to exhibit what one might describe as complementary environmental and social functions. Unlike the SSE, the mission-based company status does not impose any constraints surrounding the redistribution of dividends or wage policy. And there is still a risk that the continued prioritization of financial returns will sideline social and environmental objectives and prevent genuine societal impact (Marais et al., 2020). Nevertheless, this law signals a shift towards the recognition of corporate social and environmental responsibility, even if the conditions of its implementation and its real impact are still in question (Morteo and Tchotourian, 2019).

Another development worth mentioning is the involvement of companies in territorial processes such as territorial food projects (*projets alimentaires territoriaux*, PAT) or territorial business clusters for economic cooperation (*pôles territoriaux de coopération économique*, PTCEs). In the food production and distribution space, these projects or clusters are informed by network-based models which, by replacing a linear form of organization of agriculture, encourage sharing or even pooling logistical resources and skills, designing new services, leveraging the strengths of the circular economy and involving consumers (Bernon and Morvan, 2021). These initiatives hinge on SSE organizations collaborating with traditional companies.

## Conclusion

The business world appears to be grasping the need to transform food systems in the face of sustainability challenges. The SSE and CSR – two frameworks contributing to this transformation – have been met with a certain enthusiasm. In several regions of the world, these forms of action have been legally institutionalized, with the recognition of a specific status for companies that set themselves a purpose other than profit alone: the Benefit Corporation in the

United States, the *Società Benefit* in Italy, the *Sociedades de Beneficio e Interés Colectivo* in Colombia, the *Sociétés à mission* in France and so on (Utopies, 2021). The pressure from the market, with the demand for food that guarantees its conditions of production and trade, as well as the political pressure exerted by NGOs denouncing certain companies' practices, has largely contributed to the interest in these forms of commitment.

For a company to truly play a role in the transition to sustainable food systems, lessons from past experience show that it needs to combine a strong political commitment with a suitable form of participatory and broad-based internal governance. These two factors can ensure the long-term preservation of the company's social and environmental functions. Both a strong project and the instruments to implement it are needed.

On this last point, there is still progress to be made to transform the environment in which companies operate. Finance is one of the crucial parameters of this environment. Even if a form of social and environmental responsibility is slowly developing among investors and shareholders, they are not the real drivers of change towards social responsibility within businesses. In the financial management of companies, the development of green accounting – which makes it possible to measure not only financial but also environmental results – is showing the way (Rambaud and Richard, 2015).

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