

The Corporate Social Responsibility in the Greek Agri-food Sector

Anastasios Liapakis¹, Constantina Costopoulou², Alexander Sideridis³

¹Department of Agricultural Economics and Rural Development, Agricultural University of Athens, Greece, e-mail: liapakisanastasios@aua.gr

²Department of Agricultural Economics and Rural Development, Agricultural University of Athens, Greece, e-mail: tina@aua.gr

³Department of Agricultural Economics and Rural Development, Agricultural University of Athens, Greece, e-mail: as@aua.gr

Abstract. The Corporate Social Responsibility has become an essential factor involved in the process of customers choosing products or services. It focuses on the common place notion of “think global, act local”. While Corporate Social Responsibility research has been conducted in many industries, the food sector has been largely ignored. Especially, the agri-food sector has a strong impact on the economy, the environment and the society and in the past it has been plagued by many scandals of environmental degradation. In this context, the purpose of this paper is to analyze the largest fifty six Greek food companies in dairy and meat industries about their Corporate Social Responsibilities. The analysis provides an overview of the current status of the Corporate Social Responsibility practices of the leading companies in the aforementioned industries as well as insights in future trends in this unfolding national financial-debt crisis.

Keywords: Corporate Social Responsibility, Food industry, Dairy industry, Meat industry

1 Introduction

Researchers and academics perceive Corporate Social Responsibility (CSR) as a company’s involvement in activities with social applications. The notion of CSR has evolved over the last six decades going through multiple conceptualizations. Numerous researchers have contributed to the development and definition of the concept of CSR and each decade brought with it new definitions and improvements to this notion. Nowadays, more and more academics and researchers consider that the study of CSR is an urgent need. But what is CSR and how many companies use this strategy?

There is no a common definition of CSR in literature. This is due to the multidimensionality of the CSR concept depending on the regional-cultural, socio-cultural or sectoral characteristics of each country (Skouloudis et al., 2014). Broadly

Copyright © 2015 for this paper by its authors. Copying permitted for private and academic purposes.

Proceedings of the 7th International Conference on Information and Communication Technologies in Agriculture, Food and Environment (HAICTA 2015), Kavala, Greece, 17-20 September, 2015.

defined CSR is a group of actions developed by some companies in order to cope with core problems of society and environment in general. Kilkenny et al. (1999) state that CSR, is “a company's commitment to the well-being of its workers and their families, as well as to the community and environment in which it operates, and the actions that follow from that commitment”. According to ISO 26000 (ISO, 2010) CSR is defined as: “the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including health and welfare of society, takes into account the expectations of stakeholders, is in compliance with applicable law and consistent with international norms of behavior and is integrated throughout and practiced in an organization’s relationships.”

If a company would like to be corporate responsible should be corporate financial responsible, corporate social responsible and corporate environmental responsible. This means that, CSR incorporates the economic, social and environmental strands of sustainable development and provides a holistic approach for companies to understand the issues in sustainable development.

The purpose of this paper is to examine the CSR practices adopted in the Greek agri-food industry, especially in dairy and meat industries. In this context, a sample of the fifty six largest companies operating in Greece has been used. The website of each company related to CSR has been investigated. The structure of the paper is as follows: Section 2 discusses the involvement of consumers to CSR. Section 3 gives a brief overview of CSR in Greece. Section 4 presents the analysis results of CSR in the Greek agri-food sector, especially in dairy and meat industries. The analysis is referred to the evaluation of companies’ websites according to a number of criteria such as the adoption of social, environmental and/or cultural practices. It has taken place from February till April 2015. In the final section, some conclusions are given.

2 The Involvement of Consumers to CSR

After the 1990s, several researchers have started investigating the effects of CSR on consumers and found that consumers expect a high degree of corporate responsibility (Mohr et al., 2001). Several studies showed that CSR has a positive effect on consumers’ attitudes and purchase intention and that negative CSR degrades consumer outcomes (Brown and Dacin, 1997; Mohr and Webb 2005; Murray and Vogel, 1997; Barrett, 1996). In addition, different researchers have investigated the effects of CSR on willingness to pay and found that consumers accepted higher price levels for products from ethical companies (Auger et al., 2003). In Greece, consumers are willing to pay more for a product which adopts a CSR campaign especially in social domain (Liapakis, 2013).

During the last decade, new results further clarified the factors that affect consumers’ responses in a CSR setting. Webb and Mohr (1998) looked at the effects of CRM on consumer attitudes and attributions and generated a classification based on their responses. Mohr et al. (2001) extended their previous study using a generic CSR case and classified consumers based on their purchase intention. A different study showed that in a CSR context, consumers make self and other-driven

attribution, a view which has been further developed by subsequent researchers. One of the landmark studies was carried out by Ellen et al. (2006). The main thesis of their work was that consumers' attributions are key psychological mechanisms that influence consumers' reactions in a CSR context.

The most important properties of a CSR strategy are the CSR timing, the CSR investment, and the CSR information source. The CSR timing property, explains companies choice to deploy CSR initiatives either voluntarily (proactively) or as a response to some negative event (reactively) (Ricks, 2005). The CSR investment is defined as the amount of financial resources and time which used in a CSR campaign.

3 CSR in Greece

In Greece, CSR is considered to be in its infancy. The difficult period which faces Greece, due to the economic crisis, makes companies face major problems such as unemployment, poverty, immigration etc. A lot of companies try to adopt CSR campaigns in order to achieve their goals as social entities but several barriers like, the bureaucracy, the lack of financial and tax motives make it difficult for them to emerge fastest.

Nevertheless a number of leading Greek firms try to pioneer despite the barriers faced. A promising example is the Hellenic Network for CSR. The Hellenic Network for CSR is a non-profit organization having as members 138 companies and 7 business associations. It is run by a seven member Board. Main objectives of the Network are to promote the CSR concept and principles and disseminate them to the Greek business society and to society as a whole with the overall objective being a balance between profitability and sustainable development (www.csrhellas.gr).

In Greece, the number of companies operating is about 800,000. As we can see in Table 1, only 810 out of 800,000 companies (0.1%) use CSR. Out of these 810 companies, only 28 are issuing CSR reports and the frequent method of this reporting is the self annual reports. The core CSR activities of these companies are in telecommunications, in food industry, in logistics and in the sailing businesses (Liapakis, 2013& Liapakis, 2015).

Table 1. The CSR data in Greece.

Parameters	Numbers
Number of companies which use CSR in Greece	810
Number of organizations issuing CSR reports	28
Number of companies in Greece	Up to 800,000
Frequent method of CSR reporting	Self annual reports 25/28

Furthermore, Skouloudis et al. (2014) state that Greek companies tend to pay more attention on non-financial aspects of business operation emphasizing in the adoption of environment management systems, waste management practices and employee training and health measures along with possession responsibility procedures.

4 CSR in the Greek Agri-Food Industry

While a lot has been written and researched about sustainability in food production and processing, very few papers investigate CSR activities in the food sector. This sector is especially prone to problems in sustainability given its high impact and dependence on natural, human and physical resources (Genier, et. al, 2009). The sustainability challenges faced by the food sector are numerous, including environmental sustainability (usage of natural resources, animal welfare, etc.), social sustainability (labor and work conditions, food safety, etc.), and economic sustainability (energy usage, waste management, etc.). All food products carry credence and experience attributes and forging a reputation of good citizenship will most likely improve consumers’ reactions to brands. These products will be assumed to have high added-value product and process attributes (McWilliams and Siegel, 2001, Siegel and Vitaliano, 2006).

In the following, table 2 presents data about three main financial indicators of the 200 biggest companies in Greek food industry, namely (i) sales, (ii) Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA), and (iii) gross profit.

Table 2. Financial indicators of the 200 biggest companies in food industry in Greece.

<i>Indicators</i>	<i>2012 (Thousand €)</i>	<i>2013 (Thousand €)</i>
Sales	43.910	43.044
EBITDA	2.883	2.110
Gross Profit	-1.104	-1.430

In order to understand the application of CSR in the Greek dairy and meat industries, a sample of the fifty six largest companies operating in Greece, based on their annual sales of 2013 as published in their balance sheets, has been studied. The sample includes large companies since are much more activated in CSR actions than the small and medium enterprises in Greece (Skouloudis et al., 2014). The examined companies and particularly, the name of each company and its appropriate URL related to CSR practices can be retrieved from the following URL: <https://www.dropbox.com/sh/5bzaubmupoi123d/AADOQcu30jOCqBw5QXh1AEEca?dl=0>. Table 3 presents the data of the three aforementioned financial indicators of these companies.

Table 3. Financial indicators for the biggest companies in meet and dairy industry in Greece.

<i>Indicators</i>	<i>Meat Industry</i>		<i>Dairy Industry</i>	
	<i>2012 (Thousand €)</i>	<i>2013 (Thousand €)</i>	<i>2012 (Thousand €)</i>	<i>2013 (Thousand €)</i>
Sales	43.910	43.044	63.417	56.905
EBITDA	2.883	2.110	3.072	2.824
Gross Profit	-1.045	-1.430	-2.516	-2.053

We can see that in both industries, sales have decreased significantly. But what happened in the CSR strategies in these companies? Which are the major applications?

In the following tables, data about the Greek dairy industry and meat industry are presented. Twenty seven leading companies in the dairy industry and twenty nine companies in the meat industry have been examined. The results are presented in Table 4 and Table 5 for the dairy industry and the meat industry, respectively. Table 4 illustrates that, only sixteen out of twenty seven of the biggest companies in dairy industry adopted a CSR campaign (59%). The domains of these CSR campaigns are in social, environment and culture activities. However, the main applications focus on social activities. Twelve out of sixteen companies (75%) adopted social

campaigns when environmental campaigns adopted only eight to sixteen (50%), cultural campaigns only two to sixteen (13%) and only 25% of companies adopt multiple domains campaigns.

Table 4. The CSR data in the Greek dairy industry.

Parameters	Data
Number of examined companies	27
Number of companies which adopt CSR campaigns	16
The percentage of companies which adopt CSR campaigns	59%
Main applications of CSR campaigns	Social, Environment, Culture
Number of companies which adopt social campaigns	12/16
Number of companies which adopt environmental campaigns	08/16
Number of companies which adopt cultural campaigns	02/16
Number of companies which adopt multiple campaigns	04/16

From 29 leading companies in the meat industry 14 of them have adopted CSR campaigns (48%) as shown in Table 5. The fields of the main applications of these CSR campaigns are in social, environment and culture activities. Although, the Food and Agriculture Organization of the United Nations (FAO) reported in 2006 that agriculture and food processing, in general, pollute the environment in significant ways (reduction of biodiversity, water usage and contamination, greenhouse gases emission, etc.), the main application are in social activities. Eleven out of twenty nine companies adopted social campaigns when environmental campaigns adopted only eight. Twelve out of fourteen companies have adopted social campaigns (86%); eight companies of them have adopted environmental campaigns (57%) and only three companies of them have adopted cultural campaigns (21%). 50% of the meat industry companies which use CSR campaigns have adopted multiple domains campaigns.

Table 5. The CSR data in the Greek meat industry.

Parameters	Data
Number of examined companies	29
Number of companies which adopt CSR campaigns	14
The percentage of companies which adopt CSR campaigns	48%
Main applications of CSR campaigns	Social, Environment, Culture
Number of companies which adopt social campaigns	12/14
Number of companies which adopt environmental campaigns	08/14
Number of companies which adopt cultural campaigns	03/14
Number of companies which adopt multiple campaigns	07/14

5 Conclusions

Nowadays, there is an increasing number of companies around the world that are involved in CSR activities. In this light, this paper provides a better understanding of the current status of the CSR activities adopted by the leading companies in the Greek agri-food sector. The study is focused on the dairy and meat industries because of CSR's high dependence on natural and human resources. It is based on the evaluation of the website of each company related to CSR practices.

The analysis' results show that firstly, a significant percentage of companies try to help the society in spite of the barriers of the profound debt crisis. Secondly, the Greek agri-food companies have started to pay attention in CSR strategies. Third, CSR in the dairy industry is more dynamic than in the meat industry since sixteen companies out of twenty seven in dairy industry has adopted a CSR campaign (59%) whereas fourteen companies out of twenty nine (48%) in meat industry has adopted a CSR campaign. Also, the majority of the companies have adopted social campaigns in both industries, followed by environmental and cultural campaigns.

As far as limitations of this study are concerned, the small sample size of the examined companies as well as the focus of the study only on CSR quantitative (and not qualitative) characteristics reflect only indicative findings.

Future work will focus on the willingness of online consumers to pay more for agri-food products provided by Greek online companies that are committed to positive social and environmental impact.

References

1. Auger, P., Burke, P., Devinnes, T. M., and Louviere, J.J. (2003). What will consumers pay for social product attributes? *Journal of Business Ethics*, 42, 281-304.
2. Barrett, P. (1996). *Pinnell hired to lift Shell image*. Marketing: London.
3. Brown, T.J., and Dacin, P.A. (1997). The company and the product: Corporate associations and consumer product responses. *Journal of Marketing*, 61(1), 68-84.
4. Ellen, P.S., Webb, D.J., and Mohr, L.A. (2006). Building corporate associations: Consumer attributions for corporate socially responsible programs. *Journal of the Academy of Marketing Science*, 34(2), p.147-157.
5. Genier, C., Stamp, M., and Pfitzer, M. (2009). Corporate social responsibility for agro-industries development. In: C. Da Silva, D. Baker, A. Shepard, C. Jenane and S. Miranda-da-Cruz (eds). *Agro-industries for Development*, Oxfordshire, UK: CABI.
6. ISO 26000, (2010). <http://www.iso.org/iso/home/standards/iso26000.htm>.
7. Kilkenny, M., Nalbarte, L. and Besser, T. (1999). Reciprocated community support and small town-small business success, *Entrepreneurship and Regional Development*, 11(3), 231-246.

8. KPMG (2008) http://www.kpmg.com/sitecollectiondocuments/international-corporate-responsibility-survey-2008_v2.pdf.
9. Liapakis, A. (2013), CSR: One more factor affecting demand for Greek consumers. Diploma thesis, Agricultural University of Athens, p.117.
10. Liapakis, A. (2015), An investigation of how consumers make attributions in a CSR context. Agricultural University of Athens, Master thesis of business administration, p.67.
11. McWilliams, A., and Siegel, D. (2001). Corporate social responsibility: a theory of the firm perspective. *Academy of Management Review*, 26, 117-127.
12. Mohr, L.A. and Webb, D.J. (2005). The Effect of Corporate Social Responsibility and Price on Consumer Responses?' *Journal of Consumer Affairs* 39(1), 121-147.
13. Mohr, L.A., Webb, D.J., and Harris, K.E. (2001). Do consumers expect companies to be socially responsible? The impact of corporate social responsibility on buying behavior. *The Journal of Consumer Affairs*, 35(1), 45-72.
14. Murray, K.B., and Vogel, C.M. (1997). Using hierarchy of effects approach to gauge the effectiveness of corporate social responsibility to generate goodwill toward the firm: financial versus non-financial impacts. *Journal of Business Research*, 38, 141-159.
15. Ricks, J.M. (2005). An Assessment of strategic corporate philanthropy on perceptions of brand equity variables. *Journal of Consumer Marketing*, 22(3), 121-134.
16. Siegel, D., Vitaliano, D. (2006). An Empirical Analysis of the Strategic Use of Corporate Social Responsibility.
17. Skouloudis, A., Jones, N., Malesios, C., & Evangelinos, K. (2014). Trends and determinants of corporate non-financial disclosure in Greece. *Journal of Cleaner Production*, 68, 174-188.
18. Webb, D.J. and Mohr, L.A. (1998). A Typology of Consumer Responses to Cause Related Marketing: From Skeptics to Socially Concerned?' *Journal of Public Policy and Marketing* 17 (Fall), 226-238.