Defining criteria and indicators to assess partnerships along food value chains

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Project: „Partnership award“

Study funded by Agrarmarkt Austria GmbH (May 2017 – June 2018)

Project aim:
• Elaborate criteria, indicators and evaluation system for award

Aims of the award:
• Create a podium for „best practice“ projects and initiatives
• Set positive incentive to forward fairness in food value chains (FVC)
• Help to define benchmark for partnerships along FVC
• Create more awareness, motivate and initiate similar projects
Topic and problem statement

• Obvious power imbalances between actors in food value chains
• Possibilities to tackle imbalances:
  • Political regulations, e.g. on EU-level: proposal for directive on unfair trading practices (EC, 2018)
  • Private initiatives and certification schemes, e.g. „organic & fair“ certification (Kröger & Schäfer, 2014)
  • Positive incentives, e.g. awards on sustainability and CSR
• Fair trade and socio-economic sustainability of increasing interest for consumers
• Domestic fair trade: number of initiatives and labels still low but increasing (e.g. FairHof)
• Fairness as key principal of organic movement (see IFOAM, 2005)
Fairness

• Distributive fairness
  • Rewards are consistent with contribution (equity theory)
  • Food value chain (FVC): suppliers mostly in weaker position

• Procedural fairness
  • Clear and consistent rules, transparency, explanation of decisions, possibilities to influence process, ethicality
  • FVC: Fair processes result in long term relations and commitment

• Interactional fairness
  • Honesty, appreciation, respect, politeness, intact information flow
  • FVC: Fair interaction fosters cooperation and engagement („going the extra mile“)

(Colquitt, 2001; Hornibrook et al., 2009; Schumacher & Mühlrath, 2014)
## Dimensions and criteria in fairness standards

<table>
<thead>
<tr>
<th>External fairness (partners in food value chains)</th>
<th>Internal fairness (within enterprise)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributive fairness</td>
<td></td>
</tr>
<tr>
<td>Fair prices</td>
<td>Social minimum standards for employees</td>
</tr>
<tr>
<td>Long-term/reliable contracts and relations</td>
<td>Minimum wages</td>
</tr>
<tr>
<td>Common planning (quality and quantity)</td>
<td>Regular further training for employees</td>
</tr>
<tr>
<td>Procedural fairness</td>
<td></td>
</tr>
<tr>
<td>Personal cooperation and communication along FVC</td>
<td>Appropriate workers’ participation</td>
</tr>
<tr>
<td>Interactional fairness</td>
<td></td>
</tr>
<tr>
<td>Communication of regional or social commitment to consumers and the public</td>
<td>Guidelines for implementation of fair standards in written form</td>
</tr>
</tbody>
</table>

Source: Kröger & Schäfer, 2014: Overview of fairness standards of selected European organic–fair initiatives
Setting fairness standards

- Certification (e.g. Naturland Fair, FairBio)
- Labels (e.g. Fair Hof; Bioland & Lidl)
- Code of conduct based fairness initiatives (e.g. Bio Suisse)
- Inherent practice (e.g. CSA, local food initiatives)
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Methods

- Analysis of literature and existing examples / projects (exploratory interviews)
- Define criteria and indicators for good partnerships
- Participatory development:
  - Advisory board
  - Expert workshops
- Pretest:
  - Application
  - Jury meeting
- Final list of criteria and indicators, rating scheme
  - Synthesis
  - Publication
Results from exploratory interviews (n=6)

Success factors for good partnerships:
• Committment and responsibility of all partners
• Benefit for all partners
• Quality orientation
• Communication, joint agreements, conflict management
• Long-term relations, reliability

Concrete measures for good partnerships:
• Fair prices (e.g. defined price premiums)
• Joint and clear planning (quantities, qualities)
• Joint (product) development
• Regular and direct communication
Results: criteria and indicators to assess partnerships
## Theme 1: Quality of the partnership (15 of 30 points)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Max. points</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives of the partnership</td>
<td>3</td>
<td>Joint definition of objectives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Analysis of opportunities and threats in advance</td>
</tr>
<tr>
<td>Partnership arrangements</td>
<td>4</td>
<td>Content and arrangement of agreements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contact persons and responsibilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agreements on cooperative partnership</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Arrangements on rights</td>
</tr>
<tr>
<td>Risk distribution</td>
<td>3</td>
<td>Measures to distribute risks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Measures to reduce dependencies</td>
</tr>
<tr>
<td>Commitment to agreements</td>
<td>2</td>
<td>Measures to ensure commitment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Measures in the case of non-compliance</td>
</tr>
<tr>
<td>Communication and conflict management</td>
<td>3</td>
<td>Communication flow, information transfer and transparency between partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Management of crises and conflicts</td>
</tr>
</tbody>
</table>
## Theme 2: Economic sustainability (10 of 30 points)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Max. points</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit for the partners</td>
<td>3</td>
<td>Benefit for the partners involved</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Benefit for the farmers involved</td>
</tr>
<tr>
<td>Project development</td>
<td>4</td>
<td>Joint development of the project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales development (since project start and in the future)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Investments (since project start and in the future)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Economic indicators verifying the project's success</td>
</tr>
<tr>
<td>Pricing</td>
<td>3</td>
<td>Measures to achieve stable prices</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Measures to achieve appropriate prices</td>
</tr>
</tbody>
</table>
### Theme 3 (optional): Societal impact (5 of 30 points)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Max. points</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional, social and environmental benefits</td>
<td>2</td>
<td>Impacts on the employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Impacts on the environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Impacts on the region</td>
</tr>
<tr>
<td>Dialogue with consumers</td>
<td>1</td>
<td>Information for and dialogue with consumers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increasing appreciation for food / food production</td>
</tr>
<tr>
<td>Innovation</td>
<td>2</td>
<td>Innovation of the project compared to the ordinary</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Widespread impact of the project</td>
</tr>
</tbody>
</table>
Knock-out criteria (under discussion)

- Transparency: all partners in FVC have to be mentioned
- Economic situation: no insolvency procedure
- Employees: contracts / no illegal employment
- Legal integrity: no trials regarding competition and cartel laws
- Compliance with legal standards and laws regarding ecology and animal welfare
Discussion of project results

• Applicable to all kinds of food value chains
  • Adapt for small, less formalized projects
• Evaluation system designed for an award
  • Could also be used for a label (for projects that reach certain threshold)
• Acceptance of award is expected to be high (stakeholder involvement)

• Open questions:
  • Objective evaluation procedure (quantifyable proof, documents)
  • Internal fairness (towards employees) is (only) optional indicator
  • Define „knock-out“ criteria
Outlook, chances and threats

• Results could serve as basis to further integrate aspects of fair trading relationships and socio-economic sustainability into organic agriculture and food sector

• Threat (?):
  • conventional food system uses concept of „fairness“ more and more, private labels emerge. Is this a chance or a threat for organic farming and food systems?

Source: fairhof.at
References


- FairBio (s.a.): Organic & fair guideline of „Fair Bio e.V.“. Online: https://www.fairbio.bio/richtlinien/

- Fair Hof (s.a.): Unsere Vision. Online: https://www.fairhof.at/fair_zum_tier/unsere_vision


