



Defining criteria and indicators to assess partnerships along food value chains

Susanne Kummer, Ruth Bartel-Kratochvil

ICOAS 2018, workshop “Partnerships along the value chain”

Eisenstadt, Austria

8 November 2018

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

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

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)



Project: „Partnership award“



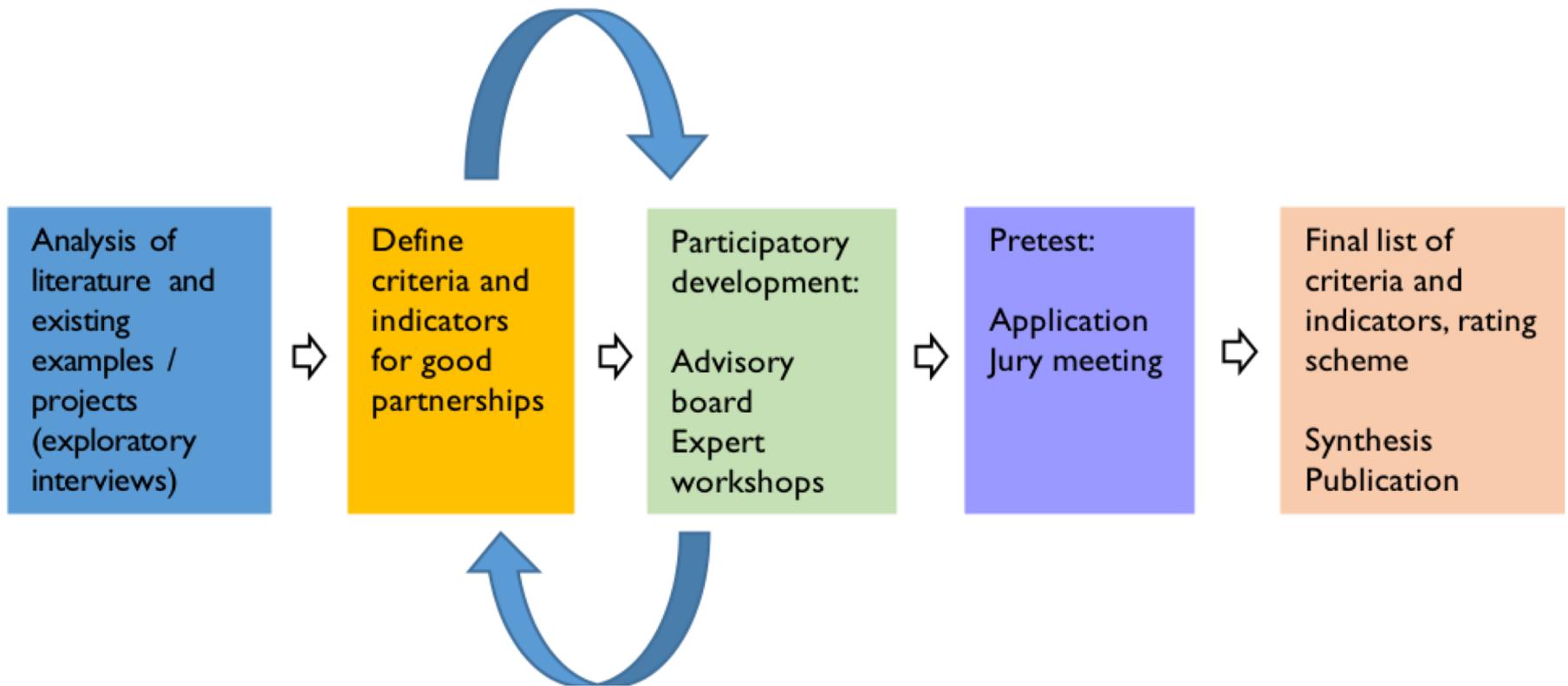
Study funded by Agrarmarkt Austria GmbH (May 2017 – June 2018)



Project aim:

- Elaborate criteria, indicators and evaluation system for award

Methods



Results from exploratory interviews (n=6)

Success factors for good partnerships:

- Commitment 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 I: Quality of the partnership (15 of 30 points)

Criteria	Max. points	Indicators
Objectives of the partnership	3	Joint definition of objectives
		Analysis of opportunities and threats in advance
Partnership arrangements	4	Content and arrangement of agreements
		Contact persons and responsibilities
		Agreements on cooperative partnership
		Arrangements on rights
Risk distribution	3	Measures to distribute risks
		Measures to reduce dependencies
Commitment to agreements	2	Measures to ensure commitment
		Measures in the case of non-compliance
Communication and conflict management	3	Communication flow, information transfer and transparency between partners
		Management of crises and conflicts

Theme 2: Economic sustainability (10 of 30 points)

Criteria	Max. points	Indicators
Benefit for the partners	3	Benefit for the partners involved
		Benefit for the farmers involved
Project development	4	Joint development of the project
		Sales development (since project start and in the future)
		Investments (since project start and in the future)
		Economic indicators verifying the project's success
Pricing	3	Measures to achieve stable prices
		Measures to achieve appropriate prices

Theme 3 (optional): Societal impact (5 of 30 points)

Criteria	Max. points	Indicators
Regional, social and environmental benefits	2	Impacts on the employees
		Impacts on the environment
		Impacts on the region
Dialogue with consumers	1	Information for and dialogue with consumers
		Increasing appreciation for food / food production
Innovation	2	Innovation of the project compared to the ordinary
		Widespread impact of the project

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 (quantifiable 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

- Bio Suisse (2012): Verhaltenskodex zum Handel mit Knospe-Produkten. Grundlage: Artikel 9.2 der Bio Suisse Richtlinien. Verabschiedet an der Delegiertenversammlung vom 18.4.2012.
Online: <http://kurzlink.de/fairness>
- Colquitt, J.A. (2001): On the dimensionality of organizational justice: A construct validation of a measure. *Journal of Applied Psychology* 86 (3), S. 386–400.
- European Commission (EC) (2018): Proposal for a directive of the European Parliament and of the Council on unfair trading practices in business-to-business relationships in the food supply chain. Brussels, 12.4.2018, COM(2018) 173 final, 2018/0082 (COD).
- 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
- Hornibrook, S.; Fearne, A.; Lazzarin, M. (2009): Exploring the Association between Fairness and Organisational Outcomes in Supply Chain Relationships. *International Journal of Retail and Distribution Management* 35(6), 2009.
- IFOAM (2005): Principles of Organic Agriculture.
Online: <https://www.ifoam.bio/en/organic-landmarks/principles-organic-agriculture>
- Kröger, M. & Schäfer, M. (2014): Between Ideals and Reality: Development and Implementation of Fairness Standards in the Organic Food Sector. *Journal of Agricultural and Environmental Ethics*, 27(1):43-63.
- Naturland Fair (2014): Ökologisch. Sozial. Fair. Schmeckt dreimal mehr! Broschüre zu den Richtlinien von Naturland Fair. Online:
https://www.naturland.de/images/Naturland/Was_wir_tun/Fair/Naturland_Fair_Publikationen/Broschuere_Naturland-Fair_2014.pdf
- Schumacher, J.; Mühlrath, D. (2014): Bio Suisse fördert Fairness im Markt. *Ökologie & Landbau*, 170, 2/2014, 40-42.