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DEPARTMENT OF SUPPLY CHAIN AND INFORMATION SYSTEMS

BEST PRACTICES IN SOCIALLY AND ETHICALLY RESPONSIBLE SUPPLY CHAINS:
AN APPLICATION IN THE FOOD INDUSTRY

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ABSTRACT

Increased demand for socially and ethically responsible supply chains has come from a variety of stakeholders, including employees, communities, governments, and non-governmental organizations. However, it is increasingly difficult for businesses to satisfy their goals while also taking into account the concerns of each group affected by business operations. Specifically, companies in the food industry have complex, multi-tiered supply chains that source essential commodities. Unfortunately, this complexity leads to little visibility into the operations of lower-tier suppliers and therefore, human rights abuses such as child labor, human trafficking, and forced labor occur to fulfill consumer demand. Companies may not be aware of the situation or the methods to eradicate these practices from their supply chains, however, they are still held responsible for major tragedies or unethical actions of their suppliers. Despite seemingly conflicting interests of businesses and their stakeholders, the intent of this research is to discover the best practices in Corporate Social Responsibility and provide recommendations for companies to improve their current programs. To conduct research, executives from two industry-leading companies were interviewed about their respective programs. Their responses were analyzed and compared with solutions from current literature. In conclusion, the identified best practices were mapped on the Responsibility Framework to demonstrate mutual benefit for the businesses, social issues, and communities involved. The best practices in the Framework include commodity mapping, codes of conduct, supplier auditing, and supplier development programs.

TABLE OF CONTENTS

Chapter 1

Introduction

Now more than ever, businesses are expected to engage in activities that mutually benefit their company and all of their stakeholders. However, as expectations from consumers, non-governmental organizations (NGOs), and governments rise, is it even possible for businesses to satisfy these seemingly conflicting demands? This remains an ever-present problem in global supply chains. With several tiers between the parent company and their most basic suppliers, visibility and transparency are top concerns for supply chain leaders ("Greening" 2016). For example, it can be nearly impossible for large candy manufacturing companies to track down the original farms that source their cocoa beans because the beans pass through transporters, processors, and exporters before entering the global commodity market ("Cocoa Supply Chains" 2016). See Appendix B for details. The lack of visibility and knowledge upstream in the supply chain also perpetuates human rights abuses such as child labor, forced labor, and human trafficking.

These are all complex social issues that companies cannot be expected to solve on their own. In fact, progress in creating ethical supply chains has been halting because of the complexity of these issues (Habert 2016). However, responsibility efforts are becoming prevalent because consumers are more sensitive and NGOs are pushing for transparency in these socio-economic issues ("Beyond Supply Chains" 2016). To effectively address these issues within their supply chains, companies will need to spend increased time, money, and resources. These actions are potentially a steep investment; however, the impacts of not addressing these issues can have tragic effects. From a business perspective, these issues damage reputation, depress sales, and alienate investors (Habert 2016). However, from an ethical perspective, people's lives are put in danger every day in order to meet consumer demand. Through this build-up of conflicting interests, a few questions naturally arise. In what ways can firms satisfy the

interests of their business, of governments/NGOs, and of society while maintaining socially and ethically

responsible supply chains? What are the best practices in socially responsible supply chains?

In order to address these questions, the research will be conducted through a two-fold approach.

First, research will be conducted through a review of current literature in business responsibility.

Recommendations and challenges according to academic literature will be collected. Next, interviews

with industry executives will be conducted to verify and analyze the practicality of best practices

suggested in research. The companies were chosen based on a convenience sample and were interviewed

to gain a deeper understanding of effective ethical practices in supply chains. The pre-determined set of

interview questions will be compiled in the Company Interview Guide and can be found in Appendix A.

The Guide will structure the conversations with executives in the food industry. Overall, the interviews

will provide a holistic picture of different size companies and sectors within the industry.

After the research is conducted, The Responsibility Framework will provide a visual

representation to see where all of the stakeholders' interests align. The Responsibility Framework is Venn

diagram to identify the best practices for responsible supply chains by considering the three core

players—Business Interests, Local Interests, and Social Concerns. The Business Interests include how the

company operates, its vision or mission statement, profits, its brand image/reputation, and its level of

responsibility. The Local Interests include the laws or standards of governments and NGOs, the certifying

bodies, and the communities affected by the supply chain. Social Concerns make up the third area of this

Framework, which include issues such as child labor, forced labor, human trafficking, working

conditions, and ethical sourcing practices. The Responsibility Framework will allow common areas to be

identified with overlapping interests to be shown. The aim of this research is to discover practices that

may be beneficial across the industry to effectively combat the social and ethical issues that currently

exist. Overall, the goal of this research is to determine the best practices in Corporate Social

Responsibility and make recommendations for other corporations to implement programs of their own.

Chapter 2

Literature Review

Corporate Social Responsibility

Background

Corporate Social Responsibility (CSR) began as a fringe concept, but has become an accepted practice among businesses. Similar to other business concepts, CSR is globalizing through the far reach and structures of multinational corporations (MNCs) (Amaeshi, et. al., 2008). CSR, in broad terms, refers to the fact that "corporations may be held socially and ethically responsible for an expansive array of stakeholders such as customers, employees, governments, communities, NGOs, investors, supply chain members, unions and regulators" (Carroll 1999). This extensive group only serves to ensure that businesses are aware of the communities they operate in and all of the people they affect. Often, "CSR" is used interchangeably with "Sustainability." However, sustainability refers to "meeting the needs of the present without compromising the ability of future generations to meet their own needs" (Linton 2007). Sustainability focuses more on the environmental issues; however, the intent of this research is to examine the social and ethical side of global supply chains. In previous research, it has been noted that socially oriented issues have rarely been studied, but have been referred to in sweeping terms under CSR practices (Gimenez, et. al., 2012). However, these responsible social and ethical practices will be referred to as CSR henceforth.

Implications for CSR in Supply Chain

CSR is closely related to supply chain activities because it provides a method in which these responsible practices can be operationalized. Elkington referred to this as the "Triple Bottom Line," which balances economic, environmental, and social issues from a macro-economic point of view (Gimenez, et. al., 2012). Traditionally, business only considered the "bottom line," or their profits, but to operate in today's society, companies need to broaden their view and measure their performance beyond just the financial statements.

As companies and researchers alike are accepting the implications of CSR, the next step is to determine why implementing these practices has been so difficult. One of the most challenging issues to implement CSR in the supply chain is that the boundary of responsibility extends beyond the reach of a corporation's ownership and direct control (Gimenez, et. al., 2012). As previously mentioned, it can be very difficult or nearly impossible to track down cocoa farmers that exist as the third or fourth tier suppliers. However, these are the levels of the supply chain where the majority of ethical abuses are occurring. The people working on small farms in Africa are not directly employed by the parent company and, in many cases, the parent does not have control over their treatment, working conditions, or the local laws and government. However, when crises arise or consumers become aware of glaring mistreatment, all of the backlash and ultimately the responsibility falls onto the parent company.

To understand this complex relationship, we must consider the double agency role of the first-tier supplier (Wilhelm 2011). Agency theory occurs when one party (the principal, i.e. parent company) delegates work to another party (the agent, i.e. supplier) and problems arise when the agent is driven by self-interest or opportunism. Double agency refers to the process of holding agents accountable for the attainment of goals involving two sets of control relationships (Wilhelm 2011). The first-tier suppliers must be sustainable in their own operations and in disseminating standards to their suppliers (Wilhelm 2011). In other words, the first-tier supplier is key for the responsibility of the entire supply chain. They play a critical role in implementing standards set forth by the parent company and are also given the

responsibility of making sure their own suppliers adhere to these standards as well. Clearly, the first tier can choose to comply or to make ceremonial changes to appease the parent company. However, ceremonial action only makes it more difficult to ensure the second and third tier are also adhering to standards. In her research, Wilhelm concludes that companies need to align their purchasing and sustainability (or CSR) functions, while also designing internal management systems and supplier performance metrics to provide transparency.

While these are sound recommendations, the role of double agency and other complications with downstream suppliers has been further studied. Huang noted that suppliers are faced with a simple question: should downstream suppliers be managed directly by the parent or should their management be delegated to intermediate suppliers? (Huang 2015). Huang found that delegation is less complex and more efficient, in terms of cost, but there is moral hazard inherent in delegation. However, to mitigate the risk, non-compliance penalties to the first-tier supplier when a second-tier violation occurs can coordinate the supply chain and eliminate the perverse responses (Huang 2015). Again, it is clear that coordination of rewards and penalties is a suggested practice to ensure cooperation with CSR objectives.

Recommendations from Research

In addition to coordinating suppliers to support CSR efforts, other research supports the role of the supply chain implementing CSR practices. Murphy states that logistics plays an important role in the actual implementation because it is action-oriented and goes beyond the formulation of policies (Murphy 2002). He states that all businesses have a responsibility to seek socially beneficial results along with economically beneficial ones (Murphy 2002). This directly aligns with the "Triple Bottom Line" proposed by Elkington. The most commonly used strategies to achieve these results include creating codes of ethics, publicizing efforts and accomplishments, increasing education and training, and using industry-wide cooperative efforts (Murphy 2002).

Clearly research has offered a multitude of strong suggestions for implementing CSR initiatives, but it is evident that not all of these solutions can be effective in making necessary changes. According to the literature, implementation is more likely if external pressure is strong and the external concerns are related to a company's core business strategy (Roberts 2003). In this case, the connection between business and the environment can be observed. Strong interest in a particular social issue by a local government or NGO could put pressure on the company to ensure their program actually effectively addresses the issues. It is clear that while considering CSR alternatives, companies must go beyond internal measures and actively engage with their environment.

Social Concerns

Explanation of Issues

Social issues including child labor, forced labor, human trafficking, and poor working conditions are serious reasons providing the dire need to implement CSR. According to the International Labor Organization (ILO), child labor is "work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development including by interfering with their education" ("Child Labor" 2017). Forced labor is defined as "work that is performed involuntarily and under coercion" ("Forced Labor" 2017). Forced labor includes men, women, and children who are in situation of debt bondage, suffering slavery-like conditions, or who have been trafficked. Human trafficking, or the coerced movement of people across borders to produce labor, is also a form of forced labor and also referred to as "modern slavery" ("Forced Labor 2017"). Unfortunately, these very practices have become deeply embedded in our global supply chains to keep up with insurmountable consumer demand. The realization that the food and products consumed each day use affects other people across the globe and put millions of lives at risk has opened the eyes of consumers, activists, and businesses alike.

These human rights abuses occur across all industries, but historically some of the worst cases have been found in the food industry.

Examples in Industry

Food sources, such as cocoa and coffee beans, are sold on commodity markets and typically have glaring ethical abuses within their supply chains. Seventy percent of the world's cocoa supply comes from West African countries including CDI, Ghana, Nigeria, and Cameroon ("Oversight" 2010). Equally interesting is the fact that the U.S. consumes twenty five percent of the world's chocolate supply ("Oversight" 2010). Consumerism drives the need for the tremendous consumption patterns and ensures that the cycle of abuses continues. For example, human trafficking occurs most often among teenage boys, who are promised work but upon arrival are given unsafe, unpaid positions ("Oversight" 2010). Indicators of forced labor include restrictions on freedom of movement, withholding wages or identification documents, threats or intimidation, debt from which the workers cannot escape ("Forced Labor" 2017). They are forced to work in an attempt to regain the freedoms that all humans deserve. Under this system, the workers are trapped in these new jobs because they have no money, no freedom, and no means of escape. Child labor can also be a complex issue because the children work in "kinship networks," where they work alongside family but are exposed to harmful pesticides and dangerous machetes ("Verite Fair Labor" 2016). Despite clear opposition to child labor in Western countries, it prevails in these societies because acceptable social constructs are difficult to break.

Despite the widespread use of child labor, these child laborers are well hidden in the system because of the high number of middlemen, which can prevent effective monitoring. Despite this, the needs of the children and the owners of these small farms in developing countries are vital to CSR. Blowfield argues the importance of these "smallholders" when he states: "Businesses will be unable to limit risks, enhance reputation, or simply obtain a reliable source of commodities in the future if they

employ approaches that ignore or misrepresent the well-being of those in developing countries" (Blowfield 2003). The smallholders on these farms are truly the ones affected by outcomes of CSR measures; therefore, it is their needs that should be the utmost priority. Blowfield notes that we need a more rigorous approach to understanding whose rights are being considered and whose rights are being denied is needed. CSR needs to be more about the people who are affected and less about the nominal changes that subdue concerned governments or consumers.

For example, consider the Rana Plaza tragedy that took place at a garment factory in Bangladesh in 2013. In this tragedy, hundreds were killed because of unsafe working conditions and lack of safety procedures (Vara 2016). The ILO estimated the upgrades for the factory would cost $929 million, but three years later $635 million in renovations still had not been made (Vara 2016). One representative from the ILO stated, "You cannot have lower prices on one hand and on the other hand have rising standards." But, that is exactly where interests conflict. These issues in the clothing industry mirror that of the food industry; consumers continue to demand lower prices, while other groups demand better treatment for all people and those involved remain silently trapped in systems of slavery and forced labor.

Business Interests

The Progression of Responsibility

Despite the fact that these social issues demand immediate attention, businesses still operate in competitive marketplaces. Typically, this involvement has led to little care outside of their profits and reputation. Milton Friedman's doctrine, *The Social Responsibility of Business is to Increase Profits*, set the moral tone for business in the 1950s. Friedman states, "There is only one social responsibility—to use

resources and to engage in activities that increase profits so long as it stays within the rules of the game."
Friedman believed that business existed within its own realm and owed nothing but profit to society.

However, even Friedman's contemporaries were hesitant to subscribe to this ideology. Keith
Davis states that social responsibility broadens the person's view of the total social system, building
societal views into all actions and realizing the business system does not exist alone (Davis 1967). Davis
claims that all these parts are interconnected. He also writes about a pluralistic society, a social system in
which diverse groups maintain autonomous participation and influence in the social system. Davis states
that pluralism is the basic reality of modern business because all other groups in society influence
business and in turn, businesses influence them. This theory of influence and responsibility has become
accepted as CSR has gradually been adopted as a new norm in business.

Even in the 1960s, Davis theorized the need for social responsibility in the "Iron Law of
Responsibility". It states that those who do not take responsibility for their power ultimately shall lose it
(Davis 1967). Businesses gain power by increasing profits, gaining a good reputation, or obtaining any
other measures of success. However, once they gain power, they must use it appropriately. Avoidance of
social responsibility leads to the gradual erosion of social power (Davis 1967). This powerful theory
makes a strong case to employ CSR measures, which has most likely shaped the outlook on corporate
responsibility today.

The Current Outlook in CSR Literature

Recent literature has even confirmed the role of power and influence of multinational
corporations. Amaeshi notes that, "Firms are readily perceived as more powerful than their suppliers, and
consequently expected to assume responsibility for the practices of their suppliers" (Amaeshi et al. 2008).
Powerful companies are expected to take responsibility for their weaker partners in relationships, often as
a moral duty. In fact, businesses that have disclaimed responsibility on overseas suppliers in the past are

reconsidering their stance (Habert 2016). Pressure from consumers and governments to make global supply chains more ethical and accept responsibility for less powerful suppliers is believed to be the morally "right" thing to do. However, complicating this moral duty is the question of whether it is best for companies to leave the country altogether or to continue operating despite poor economic and political conditions (Habert 2016). Once they find a supplier uses child labor or any other unethical treatment, the company must decide whether they are committed to making things better or if the situation is too difficult and they need to move somewhere else. Tom Smith of Sedex states, "Often companies will focus on the areas where their stakeholders are shouting" ("Modern Day" 2014). Recently, stakeholders have been calling for companies to step up in responsibility and increase ethical behavior after tragic events such as the Rana Plaza building collapse.

However, it is also plausible that with this power, companies may be exerting "undue pressures" on their suppliers (Amaeshi et al. 2008). Corporations search all over the globe for the lowest prices and most efficient operations; therefore, they may force suppliers to meet the low-cost targets while also conforming to responsible practices. In many cases, this has been too much to ask. In analyzing this situation, the pressure results from one of the fundamental motivations of business: profits.

One of the most important measures for business is obviously their profit. A major argument against CSR is the fact that it can cost a company additional time and resources that they may not have. However, a study by McWilliams finds that companies engaging in CSR activities will have equal profits to companies that do not engage in CSR (McWilliams 2001). The factors that positively correlate with CSR spending include R&D spending, advertising, percentage of government sales, consumer income, and tightness of the labor market (McWilliams 2001). Although CSR has associated costs, it is clear that from a financial perspective, implementing CSR does not put a company in a worse off position. Although it is difficult to quantify the exact financial benefits of CSR initiatives, they do not eliminate all profit and can also benefit in terms of reputation, business continuity, and cooperation with local governments and NGOs.

Local Interests

International Laws/Protocols

CSR initiatives are also critical in helping companies comply with governmental laws and the missions of other third party groups. Whether through laws, principles, or certifiable standards, being law abiding and/or certified is critical for businesses to maintain their license to operate. For example, the U.S. government recently passed the Trade Facilitation and Trade Enforcement Act of 2015. This act officially prohibits the importation of good produced by child labor by removing the loophole in Section 307 of the Tariff Act of 1930 ("New Forced Labor" 2016). Previously, this act allowed imports for goods made with child labor if the domestic production could not meet demand. Obviously, the U.S. cannot produce to meet demand for many commodity goods; therefore, this loophole sustained the child labor system. However, businesses that do not comply with this new law risk disciplinary action for non-compliance, damage to brand reputation, and also disruption to their supply and business continuity ("New Forced Labor" 2016).

In addition to this law passed by the U.S. government, the UN has also taken steps toward ending forced labor on an international level. In 2014, the ILO International Labour Conference adopted a Protocol and Recommendation to supplement the Forced Labor Convention of 1930 (No. 29) ("The Protocol" 2014). The protocol is a legally binding instrument that requires States to "take measures regarding prevention, protection, and remedy in giving effect to the Convention's obligation to suppress forced labor" ("The Protocol" 2014). States will be required to criminalize and prosecute forced labor while also providing protection and compensation for victims. This protocol also supports existing international law including the UN Slavery Conventions and UN protocols to prevent human trafficking ("The Protocol" 2014). This protocol is important because the force of law gives "teeth" to the Convention adopted in the 1930s. It's critical that governing bodies are providing systems of accountability to ensure that more than just nominal changes occur.

The Harkin-Engle Protocol, another law regarding forced labor, was put into effect in 2001. This law was signed by governments of Ghana, CDI, and the U.S. to address child labor and forced labor in the cocoa industry ("Cocoa Supply Chains" 2016). Business' compliance with this law is verified by the Cocoa Verification Board. This law is just one example of an at-risk sector in the industry that has taken a stand against pressing human rights issues within the supply chain. Laws set forth internationally, within individual countries, and within respective industries, keep local interests across the world responsive to the most pressing issues. Despite unifying laws on an international level, there are large discrepancies from country to country. The countries that source raw materials often do not have the same laws, standards, or cultural expectations as Western countries (Habert 2016). This is potentially problematic for enforcing international laws adopted by the UN. As globalization connects more people and places through supply chains, companies need to decide whether to take their morals and laws with them or to adopt local ones. Ameshi discusses this issue directly. He states, "Multinational corporations operate under intricate economic, social, and legal conditions within territories of their subsidiary firms. Complex business laws and business structures differ from country to country, undermining the applicability of any emergent universal, moral-economic principles" (Amaeshi 2008). Despite difficulties with adoption, governments and international governing bodies do take action to raise awareness and protect their people.

Beyond governments, international organizations also serve to set standards and certify supply chain activities. For example, the UN Principles on Business and Human Rights, called the "Ruggie Principles," were created in 2011 to enhance the "standards and practices with regard to business and human rights so as to achieve tangible results for affected individuals and communities, and thereby also contributing to a socially sustainable globalization" ("Guiding Principles" 2011). Businesses are not required by law to follow these principles, but they are critical to have some basis of international agreement for what is acceptable treatment of other humans.

The Role of Non-Governmental Organizations

There are several other non-governmental organizations that set forth standards. The ILO has standards for all working-related issues. Specifically, they have created protocols for forced labor, modern slavery, child labor, and human trafficking. The ILO even created World Day Against Child Labor. Guy Ryder, ILO Director-General, stated "child labor has no place in well-functioning and well-regulated markets, or in any supply chain" ("Child Labor" 2017). However, an estimated 168 million children remain trapped in a system of child labor. Beyond activism and panel discussion, the ILO released the report, *How to do business with respect for children's right to be free from child labor*. This guidance tool is meant to support employers in their implementation of the UN Guiding Principles on Business and Human Rights. The report details the human rights due diligence process including: assessing impacts, integrating the results into action, tracking the performance, and communicating about the performance ("How to do business" 2015). In addition to taking a strong stance against child labor, the ILO has also released strong measures for forced labor and human trafficking.

Furthering the work of the ILO, there are several other NGOs and certifying bodies for each human rights issue and for each specific industry. For example, Verite is an international organization with a mission to "ensure people around the world work under safe, fair, and legal conditions" ("Verite Fair Labor" 2016). They specifically address labor and human rights abuses in global supply chains through research, consulting, and training. Another organization, Oxfam International, is a global workers' rights organization that evaluates food and agriculture companies' actions. Oxfam created the "Behind the Brands Campaign" which analyzed the "Big 10" food and beverage companies on social and environmental standards in their supply chains ("The Journey" 2016). Similarly, Fair Trade USA ensures that workers are paid fairly and enjoy fair working conditions. Fair Trade uses rigorous social, environmental, and economic standards to certify apparel, agricultural, and other consumer products. Sedex International is a non-profit membership organization that is "dedicated to driving improvements in responsible and ethical business practices in global supply chains (Sedex 2017). They have created an

online database that allows members to store, share, and report information for labor standards, health and safety, and business ethics. They are not a certifying body, but instead provide a vehicle for buyers and suppliers to communicate and share ethical supply chain data. Sedex, Fair Trade, Oxfam, and Verite are just a few of the numerous organizations that aid and support the implementation of ethical and responsible supply chains.

Difficulties for NGOs

These NGOs, among many others, are useful for bringing continuity in acceptable practice across complex global supply chains. However, these organizations do not come without their own sets of issues. Certifiable standards can be problematic because supplier opportunism and symbolic implementation are likely (Christmann 2005). There are a couple of factors that contribute to the ineffectiveness of standards. First, over time firms develop capabilities to pass certifications and discover preferences of the auditor (Christmann 2005). For example, clothing manufacturers could be forcing people to work in terrible conditions, using child labor, or disregarding safety procedures, but then hiding the evidence when auditors arrive. Nike stated in their 2012 sustainability report, "we have learned that monitoring does not bring about sustainable change. Often, it only reinforces a pattern of hiding problems" (LeBaron, et. al., 2016). Nike was found to be using "slave labor" and "sweatshop conditions" in the early 1990s, but responded by advertising good corporate conduct (DeTienne 2005). Their actions ignited activist and consumer questions regarding corporate social responsibility and auditing procedures. Researchers have found that audit scheduling, time of year, frequency, and whether it is an announced or surprised audit can significantly affect findings (LeBaron et. Al 2016). Another factor contributing to ineffectiveness is that standards may lose momentum gained by initial implementation (Christmann 2005). Consumers may become outraged when they learn of human rights abuses and tragedies; yet, they

may quickly lose interest because they do not see the connection in their everyday lives. These human rights issues need widespread awareness and support to be successfully ended.

Best Practices According to Literature

With careful consideration of the Social Concerns, Local Interests, and Business Interests—it is clear there are mutual benefits for adopting and implementing CSR initiatives in global supply chains. In fact, a report completed by Accenture and World Economic Forum states that ethical supply chains could produce a "triple advantage" that benefits business, society, and the environment ("Beyond Supply Chains" 2015). Despite the complexity of the issues and the difficulties for companies to make tangible changes, researchers and businesses alike have recommended successful practices, which allow CSR to become more prevalent.

Auditing/Codes of Conduct

Codes of Conduct are often recommended within industries or for certain products. For example, in the electronics industry, the Electronics Industry Citizenship Coalition (EICC) was founded in 2004 to "create an industry-wide standard on social, environmental, and ethical issues. ("Standards" 2017). Over one hundred industry giants have joined and created a code that includes measures from the United Nations (UN) International Labor Organization (ILO), and the International Organization for Standards (ISO). They also created the Validated Auditing Process (VAP) to audit members using independent auditors from Verite and an online database to share audit data ("Standards" 2017). Despite the commendable efforts, there are still many ethical challenges, such as forced labor, that continue to exist within the electronics industry supply chain. In fact, research has shown that Codes of Conduct in general

are not always effective. Peter McAllister of the Ethical Trading Initiative states that the codes assume

that suppliers can comply, they know what compliance is, and there are laws, structures, and checks and

balances that enable compliance (Habert 2016). Similar to Codes of Conduct, ethical audits can be used as

a tool to ensure compliance with codes and certifications. Audits, despite good intentions, are often weak

in detecting non-compliance, a means of fostering checklist compliance, and an ineffective regulator of

standards (LeBaron et al. 2016). Researchers found that auditors see what suppliers choose to show them

and that major tragedies, including the Rana Plaza disaster, took place in "certified" and audited supply

chains (LeBaron et al. 2016). Codes of conduct and audits promote accountability, but there are very

specific conditions under which they can be successful. This "success" varies by company and by

industry.

Commodity Mapping

Other practices include commodity mapping and technology tags. Commodity mapping tools

combine data on global growing regions with commodity import-export data for over one hundred

commodities to determine where supply chains are located and understand risk exposure ("Greening"

2016). This addresses the difficult issue of even determining early suppliers in the supply chain, which is

still a challenge for many companies. Mapping can be a starting place before pinpointing exact suppliers.

Technology tags such as radio frequency, bar codes, and QR codes can also track products from their

origin and deliver information to consumers (Habert 2016). Patagonia, an outdoor apparel company

known for its efforts in sustainability, is a great example of a company that is transparent about their

suppliers. They have created the "Footprint Chronicles" to track the locations of suppliers in their global

supply chain. They have included this interactive map on their website, so that consumers can see the

locations of their eighteen different textile mills, factories, and farms ("Patagonia" 2017). The map also

provides a description of the supplier, how they are verified for various CSR issues, and the demographics

of the employees. It is this level of transparency that has enhanced Patagonia's brand reputation greatly; it even tripled its profits from 2008 to 2013 (Habert 2016). Thus, Patagonia can be viewed as a successful in implementing responsibility measures for a variety of reasons. Although Patagonia is an example in the apparel industry, this success could easily be mirrored for the commodities used in food companies.

Supplier Development Programs

Beyond codes of conduct and commodity mapping, other companies have fully invested in developing their suppliers. Starbucks is an example of a company that has created sustainable sourcing programs. Starbucks has completely committed to ethical sourcing of coffee, tea, and cocoa. They have created the Coffee and Farmer Equity (C.A.F.E.) Program that includes guidelines in product quality, economic accountability and transparency, social responsibility, and environmental leadership ("Global Responsibility" 2015). Starbucks invests time and ensures their farmers are well-educated and supported in creating ethically sourced products. They are also open in sharing their practices with the entire industry. Fully committing to responsibility saved Starbucks and also made them a model within their sector of the food and beverage industry.

Each of these solutions (auditing, codes of conduct, commodity mapping and supplier development programs) can be considered a best practice as they promote social responsibility, comply with laws or certifications, promote CSR, and ensure business continuity. A great wealth of information and recommendations can come from research; however, effective practices can be much different when it comes to actual implementation. Therefore, it is critical to determine best practices by interviewing companies that have successfully employed CSR practices.

Chapter 3

Methodology

In order to determine practical and effective CSR practices, the second part of the research focused on interviews of corporations in the food production industry. Two companies were selected based on a convenience sample and interviewed regarding their company-specific programs. Interviews were conducted over the phone with executive leaders in CSR/Sustainability from the respective companies. To ensure consistency across all interviews, each conversation covered the questions listed in the Company Interview Guide, which can be found in Appendix A. The interviews further investigate the practicality of these programs in actual implementation, rather than solely in academic research or theory. The conversations focused on importance of social and ethical practices within their supply chain department, the successes and/or failures of their CSR programs, their interaction with other organizations, and the challenges that will remain into the future. The complete list of questions in the interview guide can be found in Appendix A. The company and executives' names will remain anonymous; therefore, the companies will be referred to as "Company A" and "Company B" henceforth.

As previously mentioned, all of the companies interviewed fall within the food production industry; however, they come from different sectors and have different product offerings within the industry. The differing sectors provide a broader perspective for the implications of CSR. Company A is a multinational corporation which resides in the Candy and Chocolate Manufacturing sector and also the Cookie, Cracker, and Pasta Production sector (D'Costa 2016). Company A is ranked in the Fortune 500 and had net revenues of approximately $30 billion in the 2016 fiscal year. Additionally, it has close to 100,000 employees and is considered an industry giant.

The next company interviewed, Company B, produces products in food and beverage categories. It specifically operates in the Soy and Almond Milk Production sector and also the Dairy Product

Production sector (McCormack 2016). Company B is a smaller production company with only about 5,000 employees. Additionally, Company B had approximately $3 billion in revenues in fiscal year 2016. Clearly, there are considerable differences between Company A and Company B. However, it is critical to observe that companies of all sizes and product offerings develop CSR programs and policies.

The interview responses were collected and analyzed to find congruence between these companies and the current research. Despite coming from different sectors within the industry, the interviewees were in agreement when it came to the importance and necessity for socially responsible practices within global supply chains. Other responses were analyzed for patterns and similarities. Based on the information collected, best practices and final recommendations were determined.

Chapter 4

Analysis/Results

Best practices from research include creating codes of conduct, auditing suppliers, sponsoring supplier development programs, implementing commodity mapping, and partnering with third-party groups and industry cooperatives. However, often solutions that seem feasible in research can pose difficulties in practical application. Many companies also publicize their CSR efforts to enhance brand reputation, yet fail to truly carry out their efforts. Therefore, the company interviews were meant to delve deeper and speak directly to executives that have made exemplary efforts in CSR implementation. Specifically, do their CSR efforts align with those discussed in academic research? Further, how have they combatted the common challenges that prevent companies from having successful programs?

CSR Initiatives

First, interviewees discussed whether ethical and social responsibility has been addressed in their CSR programs. As previously mentioned, socially-oriented issues have rarely been studied (Gimenez, et. al., 2012); therefore, it is critical to discern whether their CSR refers solely to environmental sustainability or include socially responsible practices as well. Company A has made strong efforts and investments into their responsible programs. Their first program can be categorized as a supplier development program. The tenants of the program include empowering farmers, providing education, giving them knowledge and skills to protect their land, and also bettering the lives of people in their community. The goal is to ensure no one is being taken advantage of, to promote supplier diversity through equality for women, and to eradicate the use of child labor in all suppliers. The program began solely as an effort to eradicate child labor, but has grown into a long-term commitment and $400 million investment into the suppliers' communities and their quality of life. Additionally, a smaller-scale program

has been implemented to target a large commodity in their European market. These programs target two specific commodities, but according to the interviewee, other areas are coming into focus now and additional programs will be rolled out in the ten-year planning horizon.

Company B has also made significant commitments to their CSR initiatives. In fact, responsibility is key to their company mission and values. Interestingly, relating key social responsibility issues to a company's core business strategy was even recommended in literature (Roberts 2003). So, instead of implementing CSR as secondary concern, Company B has a holistic, focused approach to sustainability (environmental, economic, and social equity) that is embedded within all sectors of their company. Specifically, Company B stresses their Supplier Code of Conduct which sets forth expectations for business compliance, environmental management and notably, employee and labor relations. Labor relations specifically calls out policies regarding labor rights and safety, human rights (including child labor), and diversity. The interviewee notes that this Code of Conduct is legally embedded within all supplier contracts. Company B ensures that CSR is not only addressed in their supply chain, but also in their value chain partners as well. Partnering externally has also been critical for Company B's success in implementing responsible practices. It relies on a third-party ingredient certifier, UTZ, to verify the most at-risk food sources in their products. Despite using this certifier, Company B does not currently audit their suppliers' facilities. Obviously, this lack of visibility is problematic. However, they are in the process of building the program and have completed several pilots to test the feasibility. The responsible sourcing program will feature supply chain mapping to manage risk as well as first, second, and third-party auditing based on the risk of the commodity. Additionally, compliance protocols for the suppliers will be created to enhance continuous improvement.

Clearly, both companies value social responsibility and have invested into their programs. A key difference in implementation lies in the company's financial capacity. Company A has greater revenues, increased market shares, and also consumes more commodities to produce their product offering. Therefore, they have the ability to invest millions of dollars to create supplier development programs.

Again, the Iron Law of Responsibility states that those who do not take responsibility for their power shall ultimately lose it (Davis 1967). In this case, Company A has acquired great power through their market presence and are acting responsibly. But, how can smaller companies affect change? Company B also proves that power and influence do not have to determine the level of commitment to responsibility.

Cultivating Effective Change

Often, CSR policies become nominal changes instead of effective practices. How have the companies interviewed fought the tendency toward fruitless efforts? Both interviewees were quick to highlight that CSR is not just part of their business, but it is embedded in the company culture. The interviewee from Company A states that doing business and operating responsibly in communities are not always easy and that it takes time and effort to do so. The interviewee from Company B also states securing buy-in from employees is key to actual implementation. It is the difference between simply "checking boxes" and making changes happen. At Company B, important aspects from their CSR report are posted around the building, learning sessions are offered, and executives constantly try to draw employees back to their CSR reporting and policies. Similarly, the interviewee from Company A states that these efforts are driven from the top down, so their CEO and direct staff made the major commitment that all other employees must follow. Overall, it allows employees to "feel good about the things the company is doing." This is not the sole reason to implement CSR, but it does help to foster support and motivation. He noted that there has been some resistance, especially in balancing the cost tradeoffs associated with many sustainable solutions. However, prior research noted that companies engaging in CSR have equal profits to those who do not (McWilliams 2001). Additionally, the executive from Company B states that they work hard to not pass on the extra costs associated with responsible practices to their consumers. They look to balance their supply chain and find new efficiencies in order to absorb higher costs of responsibly sourced commodities and the costs of certification.

In addition to creating a culture of responsibility, it is also critical to understand the business and where tangible impact can be made. The executive from Company B states, "Initiatives that are useful need to be tied to your mission. They cannot be driven by one team, but need to be embedded in all sectors." Similarly, the executive from Company A states that in order to start responsibility programs, a company must know their business well. He says, "We must choose where we have the biggest impact. We cannot be number one in all fronts; but instead, we want to be leaders in some areas and also take part in others." Again, this is key for companies looking to affect change in social and ethical responsibility. Company A chose to create a supplier development program for their most used and at-risk commodity. They then started a program for another significant commodity and are currently looking to implement programs for other products in the future. Similarly, Company B analyzed their business before creating their Code of Conduct and other areas of responsibility. For example, they only purchase .0001% of the world supply of a significant commodity. It is difficult to affect change as that small of a player. The interviewee states, "We want to affect change but need to be relevant to our business." In order to take part in impactful change, Company B has partnered with suppliers and NGOs.

The discussion of involvement with NGOs continues below, but it is important to note that these companies have secured effective change by building responsible cultures, encouraging employee commitment, and understanding where their businesses can have the greatest impact. These steps are key to ensuring change can be made toward socially responsible practices.

Partnering with NGOs

In addition to committing to responsible actions internally, companies also need to look externally to deal with the complexity of social issues. As discussed in prior research, NGOs set forth standards and protocols for companies to follow across all industries. They can also serve as auditors and

certifiers for key issues. Both interviewees addressed the importance of partnering with external players for the benefit of their respective companies and for all stakeholders involved.

The executive from Company A notes that his company partners with governments, farmer organizations, and international organizations such as the United Nations. He believes it is necessary to work with industry partners to drive sustainable and responsible supply chain operations. Additionally, he states, "There should not be walls nor borders between companies in the industry, but instead this type of information and programs should be available for everyone globally." The executive from Company B agrees that industry groups are "not necessary, but valuable" because they help to bring awareness of the issues. In addition to partnering with NGOs, Company B looks externally to certify ingredients and to join responsible movements that have greater impact.

The interviewee from Company B states that her company looks to gain subject matter expertise from NGOs. She feels that "experts drive the change." For example, their company worked with the World Wildlife Fund to assess the environmental risk and impact of their supply chain operations for specific products. Similarly, they have partnered with UTZ, an international ingredient certifier, to verify responsible sourcing of particular high-risk ingredients. In choosing a particular certifier, the executive from Company B states that each certifier brings "unique skills and attributes, along with premium pricing for their services." For example, Fair Trade USA and the Rainforest Alliance, well-known certifiers, were both considered, but ultimately not chosen for Company B's specific needs. She also states that using a variety of certifiers or organization memberships also helps to ensure comprehensive responsibility and effectiveness.

Both interviewees highlighted the importance of partnering outside to enhance the effectiveness of a company's own social and ethical practices. Working with an NGO can bring expertise not readily available to the company and can also validate the claims made by the company. In general, NGOs give a voice to the laborers who are often marginalized in the lower tiers of the supply chain. The goal of CSR is that companies are held responsible for all of their stakeholders (Carroll 1999), including these workers

and their communities. However, NGOs serve a unique purpose in that they also give a voice to the socially-aware consumer or provide information to those who may not know of the issues that lie behind the food they consume. Therefore, NGOs are also instrumental in validating CSR reports and encouraging transparency in responsible practices.

Transparency in Reporting

As previously discussed, visibility into all levels of the supply chain is one of the biggest issues facing supply chain leaders today ("Greening" 2016). This lack of visibility into the supply chain then leads to a lack of transparency from the parent company. They set forth CSR programs and policies and highlight these "achievements" in their reporting and advertisements to consumers. However, as previously stated, supplier opportunism and symbolic implementation are likely (Christmann 2005). Without formal auditing and compliance protocols, the suppliers may claim they are cooperating, but in reality, they are not making any changes. Despite the challenges associated with ensuring compliance throughout the entire supply chain, both interviewees proved their companies have made positive steps to create transparent supply chains.

For example, the executive from Company B described the "personnel interviews" that they currently conduct in their manufacturing facilities. Employees will be randomly selected off the manufacturing floor and interviewed about the ethical practices. Because of the randomness, these interviews are not rehearsed nor coached and therefore, they are often honest and very telling. Although this currently is an internal process, it will also be applied to the auditing program that is currently being implemented. These random checks in the auditing process are also supported in research and have been found to positively affect the findings of auditors (DeTienne 2005).

This practice, among others, allows Company B to create transparent reporting. They issue their CSR report every other year. Notably, they use international standards to report how they are doing

socially as well as environmentally and economically. For example, they complete reporting for the CDP, which is an organization that collects data on environmental impact. Similarly, they also follow the GRI (Global Reporting Initiative) G400 reporting, which includes standards for child labor, human rights, supplier social assessments, non-discrimination, as well as many other factors. The interviewee noted that they follow all of the latest protocol and the report is completely transparent with all of the data available. Interestingly enough, the first part of the CSR report is directed toward their own company employees. The following sections are then data-intensive and are geared toward the industry and other stakeholders.

The interviewee from Company A is also clear that their reporting is truly transparent in disclosing the successes and challenges that are still being faced. He states, "Our reporting is highly transparent. We are not out to fool people, but to benefit people through the information we release." He also notes that Company A is very cautious in reporting and maintaining the integrity of the company. They do not publish numbers to advertise achievements or give "lip service" to consumers and NGOs that call for reporting. Instead, they are honest if goals they set have been met, are in progress, or if more needs to be done to achieve them. Company A adheres to the Sedex Ethical Trade Initiative Audit protocol and has released that ninety-nine percent of their suppliers completed the audit in 2015. They also use FLOCERT, a global certification body, to certify one of their most important commodity goods. In addition, they collaborate in the AIM-Progress forum, which is an industry-wide coalition that shares responsible sourcing practices and sustainable supply chains. There are other NGOs that Company A partners with and mentions in their detailed CSR reporting. The interviewee states that overall, the company's goal is to secure key commodities and continue to address social issues in the supply chain.

Again, both interviewees have proved their companies to be exemplary in the transparency of their CSR reporting. Honest reporting gives the company a realistic picture of their responsibility, and it also allows consumers to feel confident about the products they are purchasing. Transparency is a necessity for all companies looking to creating social and ethically responsible supply chains. This is a far cry from companies hiding the truth and failing to report abuses. For example, Nike faced extreme

backlash from NGOs and consumers alike after advertising good corporate conduct (DeTienne 2005).

They were found to be using "slave labor" and "sweatshop conditions" in their supplier facilities, yet

attempted to cover up the issues. Today's supply chain leaders know this is not only unethical conduct,

but also perpetuating the abuses. Transparency in reporting can be achieved through adhering to third-

party standards, releasing data on both successes and failures, and creating structures that enable visibility

into suppliers' operations.

The Future of CSR

Both Company A and Company B have become leaders in creating responsible supply chains

through significant investment of their time, resources, and people. It is no simple task, and there are still

considerable steps to be made until both companies have completely sustainable and responsible

operations. In fact, the interviewee from Company A states that the end goal of all CSR programs should

be to "eradicate these social issues completely." There's more to be done; however, both interviewees

were encouraged with the future outlook of CSR.

The executive from Company A was clear that learning from past mistakes only enables

improvements down the road. Speaking about responsible practices in general, she states, "This is the

future of food, and it will be for all companies. No one wants to be the next Nike or Foxconn. We don't

want to be involved in ethical issues because there is no Band-Aid for this situation." It is true that as

more companies, NGOs, and consumers become aware of the situation, the expectation for responsibility

only increases. No campaign can cover up the millions of children around the world who are subject to

dangerous working conditions and prevented from receiving educations. It cannot suppress millions that

are promised work only to have their personal identification documents confiscated and their freedoms

taken from them. And it cannot hide the millions who are trafficked each year as if they are a commodity

rather than a human with basic rights. In the past, publicity and advertisement of good practices seemed

to be enough to appease consumers. However, in today's environment, actually doing the right thing takes precedence over saying the right things. The interviewee from Company B notes that they do not even advertise the fact that one-hundred percent of their most-used commodity is ethically sourced. She admits that they could do more to include certifications on packaging and release information online and through social media. However, this may be ushering in a new era where responsibility is an expectation, not a novelty. Many consumers do look for ethical sourcing labels, but rote advertisement may no longer be a necessity.

This is not to discount the positive effects of advertisement and verifications on packaging. There are still many consumers who do not understand these initiatives and benefit from the exposure. However, it is clear that industry leaders in social responsibility are driven by the notion that it is the right thing to do. As they continue their efforts, it will only lead more companies to join. As the executive from Company A states, "Sustainability is a pressing issue. The more visibility on this issue, the better it will be for everyone."

Connections to Research

Both interviewees gave valuable insight into their CSR programs and the methods they have used to address common difficulties in implementing these programs. Surprisingly, the majority of their responses aligned with recent literature. The following reviews the best practices outlined in research and the ways both companies have practically implemented them.

1. Codes of Conduct

Current research supports the notion that codes of conduct are beneficial in communicating requirements and expectations to suppliers (Murphy 2002). Company B demonstrates the

importance through strong adherence to their Supplier Code of Conduct, as it aligns with a variety of international standards and is embedded in contractual agreements with suppliers.

2. Supplier Auditing

Despite significant questioning of whether auditing is effective and promotes lasting changes (LeBaron et al. 2016), it is still promoted in most current CSR literature. The problem lies in adding "teeth" to these protocols, or ensuring that it is more than careful statements. To ensure honesty and transparency, both companies work with NGOs and international certifying bodies. Company A also participates in industry-wide efforts to share best practices in achieving socially responsible supply chains. Information sharing is critical in effective auditing.

3. Commodity Mapping

Commodity mapping is especially useful in food industry supply chains because it is often difficult to track the exact origin of commodities and often raw materials from several suppliers are combined during production. However, commodity mapping combines import-export data to determine risk exposure ("Greening" 2016). Company B has used this type of service to determine risk environmental risk, but has not completed it for social and ethical risk. Company A has tracked and audited ninety-nine percent of their suppliers and thus does not need mapping to identify their supply chain.
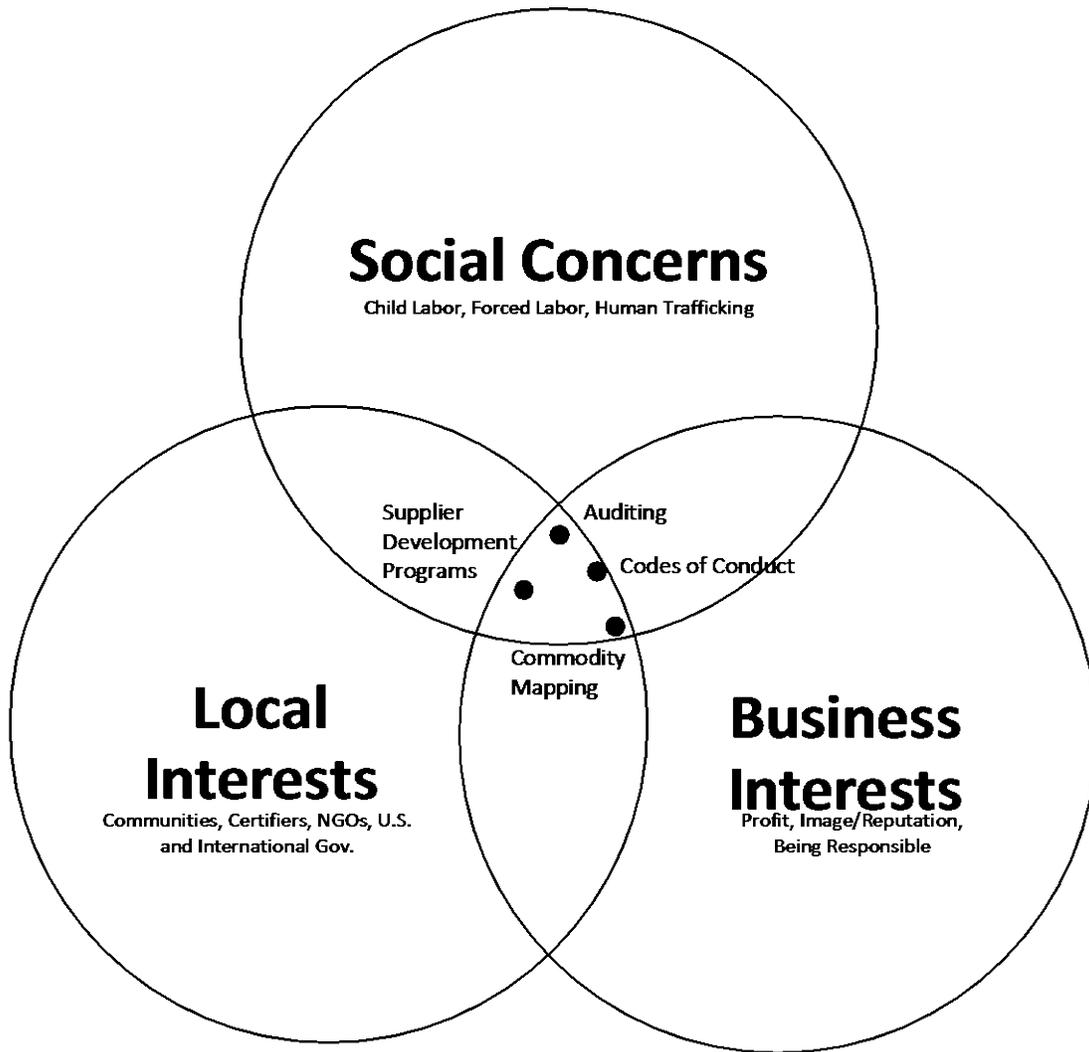
4. Supplier Development Programs

Increasing education and training is crucial to developing socially responsible supply chains (Murphy 2002). Many best practices assume suppliers know how to comply with parent company policies and the local governance and auditing ensure compliance (Habert 2016). Company A is a global leader in the food industry and has the ability to invest millions of dollars into their

programs. Not all companies have these resources available to them; however, Company A's program acts against child labor, educates in financial services and sustainable agricultural processes, and includes specific training for women.

Each of these best practices can be found in current literature and in practical application, as proved through the company interviews. Codes of Conduct, Supplier Auditing, Commodity Mapping, and Supplier Development Programs can each be placed in the Responsibility Framework because they benefit the three main considerations of this research—Social Concerns, Local Interests, and Business Interests. The Framework, found in Figure 1, places them visually according to the benefits. Discussion follows with the ways in which they fulfill each conflicting group's interest.

Figure 1: Responsibility Framework

Social Concerns
Child Labor, Forced Labor, Human Trafficking

Local Interests
Communities, Certifiers, NGOs, U.S. and International Gov.

Business Interests
Profit, Image/Reputation, Being Responsible

Supplier Development Programs

Auditing

Codes of Conduct

Commodity Mapping

Responsibility Framework: Discussion

As Figure 1 depicts, the Responsibility Framework visually maps how each best practice relates to the three core interests involved with CSR. All four of these best practices fit into the target zone at the center of the diagram, proving these solutions are mutually beneficial to all parties. However, some solutions may benefit one or two of the parties more, which is discussed below.

First, the Supplier Development Program (SDP) is placed closest to the area between Social Concerns and Local Interests. The SDP implements practical programs for issues that NGOs and governments advocate. The labor force and the local communities benefit from increased education and training that would not have been available to them without the program. Businesses benefit because these programs prove responsibility and take care of their employees from end-to-end of their supply chain. Obviously, these programs require significant investment of time and resources; therefore, the SDP is not exclusively beneficial to the business.

Auditing is placed in the area closest to Social Concerns and Business Interests. Auditing benefits the business because it is able to create visibility into all the tiers of their supply chain and back up any claims made about their responsibility. However, there is a cost associated with setting up an auditing protocol or hiring a third party to audit, thus it is closer to Social Concerns in the Framework. Socially, auditing is beneficial because if done properly, it can reveal human rights abuses in the supply chain. Notably, auditing is also close to the Local Interests. Clearly, NGOs and certifiers want these issues to be exposed; however, practices such as child labor may be embedded into social constructs of the community and are difficult to eradicate. Despite difficulties in implementation, auditing does benefit all the players.

The practice of using Codes of Conduct also sits between Social Concerns and Business Interests. Codes of Conduct are highly beneficial for Business Interests because they showcase responsibility and

give the business a formative stance on social issues. Codes can also be based on widely-known and accepted international standards; therefore, it is not difficult for businesses to create them. The Codes are also beneficial because they directly address Social Concerns and often ban abuses like forced labor and child labor from the supply chain. The Codes do benefit Local Interests because they address issues that are important to NGOs and governments. However, the Codes may put pressure on local communities that they are not equipped to handle. If not implemented properly, the Codes of Conduct may place more stress on the Local Interests that cannot be addressed without additional support.

Finally, Commodity Mapping is the fourth recommended best practice. It sits between Business Interests and Local Interests. Businesses benefit because they gain an increased understanding of their supply chain and potential risk exposure. There are costs associated with using the service and making the information available to the consumer; however, mapping promotes responsible action and can improve profits and reputation if raw materials are responsibly sourced. Local Interests also benefit because suppliers can be easily located and certified if mapped effectively. Additionally, Social Concerns benefit from exposure. However, if action is not taken then the issues will only be identified but not properly addressed.

Overall, each best practice is mutually beneficial to Social Concerns, Local Interests, and Business Interests. Clearly, each solution may benefit one player more than the others and is still beneficial if implemented alone. However, interestingly enough, the solutions often work in tandem to create holistic responsibility. Commodity Mapping identifies the supply chain and risk areas. Codes of Conduct release company policies toward the identified social issues and Auditing ensures compliance with policies and correction if needed. Finally, Supplier Development Programs increase support for marginalized communities and cultivate positive action toward achieving social and ethical responsibility.

Chapter 5

Conclusions/Recommendations

In the beginning of this research, a few questions were posed to guide the discussion. Notably: In what ways can firms satisfy the interests of their business, of governments/NGOs, and of society while maintaining socially and ethically responsible supply chains? Additionally, what are the best practices in socially responsible supply chains? Through reviewing current literature, interviewing company executives, and analyzing the options, several recommended courses of action were put forth.

First, current literature regarding CSR was analyzed in three key areas: Social Concerns, Business Interests, and Local Interests. Child labor, forced labor, and human trafficking were identified as key social issues in food industry supply chains. These issues are deeply embedded in small farming societies, but create the need for CSR. Businesses are primarily concerned with profits, but desire for positive brand reputation and to be responsible stewards of power leads companies to benefit by engaging in CSR practices. Other players including the communities affected, as well as NGOs, certifiers, and governments, also care to protect basic human rights worldwide. Researchers have theorized that codes of conduct, auditing, publicizing efforts, providing education/training, and engaging in industry cooperatives are the best practices in CSR.

In order to confirm the effectiveness of these arguments, interviews with executives in the food industry were conducted. The interviewees from Company A and Company B confirmed the importance and value of social responsibility that has allowed their companies to become leaders of CSR in the food industry. They discussed practical applications in cultivating change, partnering externally, creating transparency, and developing the future of CSR.

By analyzing literature and interviews and determining similarities, best practices were determined. Then, these practices were placed on The Responsibility Framework and the mutual benefits

of these practices for the three main players were discussed. In conclusion, a step-by-step process has been identified for other companies looking to implement their own CSR programs.

Implementation of Best Practices

1. Identify social-impact areas where the business can create change.

2. Conduct Commodity Mapping to locate supply chain and determine risk.

3. Partner with NGOs, third party certifiers, and other governing bodies to gain expertise and understand international standards.

4. Create Code of Conduct to announce a social policy and communicate expectation with suppliers.

5. Audit by implementing programs or hiring third parties to certify operations. Ensure compliance through penalties for Code violations.

6. Invest in Supplier Development Programs to educate, train, and support supplier communities.

7. Continually assess operations and benchmark CSR goals.

In conclusion, practical and effective CSR is an achievable goal for all companies in the food industry. Many companies have made positive steps toward responsibility, but there is still much to be done. Relying on research as well as learning from actual implementation in other companies are critical to creating completely socially and ethically responsible supply chains in the future.

Chapter 6

Limitations and Topics for Further Research

The primary research was conducted through interviews over the phone with executives from companies in the food industry. The selection of the company executives was based on a convenience sample; therefore, this may not be a complete picture of the entire industry. The feasibility of the provided best practices could change depending on the sector of the food industry. Similarly, other executives may have differing opinions on the practical application of many recommended CSR best practices. Therefore, this research could improve through an extended sampling of industry representatives.

Additionally, CSR practices should be applied across all industries and sectors. Potential topics for further research include analyzing CSR practices in clothing, consumer packaged goods, or other manufacturing industries. This would give a comprehensive picture of CSR beyond food production. Furthermore, practices from one industry may have practical applications in another, which would provide an interesting study of inter-industry relationships. Also, the costs associated with CSR were referred to several times throughout this research. Although challenging, another potential topic would be to quantify the benefits of CSR and contrast with the costs of creating these programs. Overall, there is great potential for further research because CSR will be a defining characteristic in the future of all businesses and any extended research will benefit the discovery of more effective CSR practices.

Appendix A

Company Interview Guide

1. Sustainability and "going green" are topics that most companies address, but have you seen ethical and social responsibility issues also be addressed within your supply chain department? Within your entire company?

2. Which initiatives have been used in the past or are currently being implemented? What aspects of the initiative failed to work? What aspects were successful? Why?

3. Are ethical policies always seen as a "tradeoff" or are they always considered a non-negotiable in your company? How do you deal with potential pushback?

4. In your opinion, what are the best things a company can do to ensure their Corporate Social Responsibility policies are actually effective and not merely nominal changes?

5. Is there a specific report or publication that your company releases on Corporate Social Responsibility? How often is it released? Do you believe the report is truly transparent with the issues?

6. Besides internal initiatives, is your company involved with any governments or non-governmental organizations? Do you think involvement with other governing bodies is effective? Does monitoring and auditing make a difference?

Appendix B

Example Cocoa Supply Chain

Cocoa Supply Chains

Côte d'Ivoire

- Small, family farms (>750,000)
- Independent operation
- Few cooperatives (<20% of crop)

- Privately-funded operators
- Pisteurs, Traitants
- Fewer quality linkages

- Various participants, including international companies
- Includes semi-finished goods

- Beans, small family farm products into global market

- Further manufacturing of products

- Retail outlets, restaurants, small businesses

- Final customer

Ghana

- Small, family farms (>600,000)
- Independent operation
- Few cooperatives (<10% of crop)

- Initial purchase by licensed buyers (LBCs)
- Ghana Cocoa Board (COCOBOD) and affiliated organizations
- Quality requirements linked to sales

- Various participants, including COCOBOD and international companies (not necessarily linked)
- Includes semi-finished goods

- Beans, small family farm products into global market

- Further manufacturing of products

- Retail outlets, restaurants, small businesses

- Final customer

Farmers

Collectors Transporters

Processors

Exporters

Other Beans

Global Market

Manufacturers

Customers

Consumers

Source: US Department of Labor. Bureau of International Labor Affairs. Reducing Child Labor and Forced Labor. Cocoa Supply Chains (Côte d'Ivoire and Ghana)

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- Dean's List, Pennsylvania State University, 2013-2017
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- All Big-Ten Academic Honors, 2013-2017
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Professional Experience

- Dell Technologies, Business Operations Intern, 2016, Round Rock, TX

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