



CORPORATE SOCIAL RESPONSIBILITY IN THE FOOD PROCESSING SECTOR

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Abstract

Corporate social responsibility is a form of corporate self-regulation integrated into a business model. CSR is also called corporate conscience, corporate citizenship or responsible business. Business dictionary defines CSR as "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship (1) through their waste and pollution reduction processes, (2) by contributing educational and social programs and (3) by earning adequate returns on the employed resources. Corporate Social Responsibility aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities and others. Corporate social responsibility (CSR) is of high relevance for food companies as this sector has a strong impact and a high dependence on the economy, the environment and on society. Corporate Social Responsibility creates a uniquely complex set of responsibilities for companies in this sector, in terms of product marketing and changing eating habits among consumers, and increasingly in relation to the conditions under which agricultural commodities are produced and traded. The main aims of this paper is to make an overview about CSR in the food processing sector and also to identify the criteria for defining Corporate Social Responsibility in the processing or manufacturing sector. Environment, occupational welfare, product safety, economy, nutrition etc. are the identifying factors of CSR in food processing sector.

Key Words: Corporate social responsibility, Food Processing Units, Environment, occupational welfare, product safety, economy, nutrition



Introduction

Corporate social responsibility (CSR) is emerging as a new field in the management research. In India, many firms have taken the initiatives of CSR practices which have met with varying needs of the society. CSR aims to ensure that companies conduct their business in a way that is ethical. This means taking account of their social, economic and environmental impact, and consideration of human rights.

It can involve a range of activities such as:

- Working in partnership with local communities
- Socially responsible investment (SRI)
- Developing relationships with employees and customers
- Environmental protection and sustainability

Some businesses have as their main purpose the fulfillment of social or environmental goals, as opposed to a business that tries to achieve its financial goals while minimizing any negative impact on society or the environment. These businesses are called Social Enterprises.

In recent years, food manufacturers have begun to observe complex challenges with regard to sustainability – social, environment and economic. Although new opportunities towards better quality of life, knowledge and technology access arise, a myriad of issues such as labour practices and manufacturer and community relations accompany these opportunities.

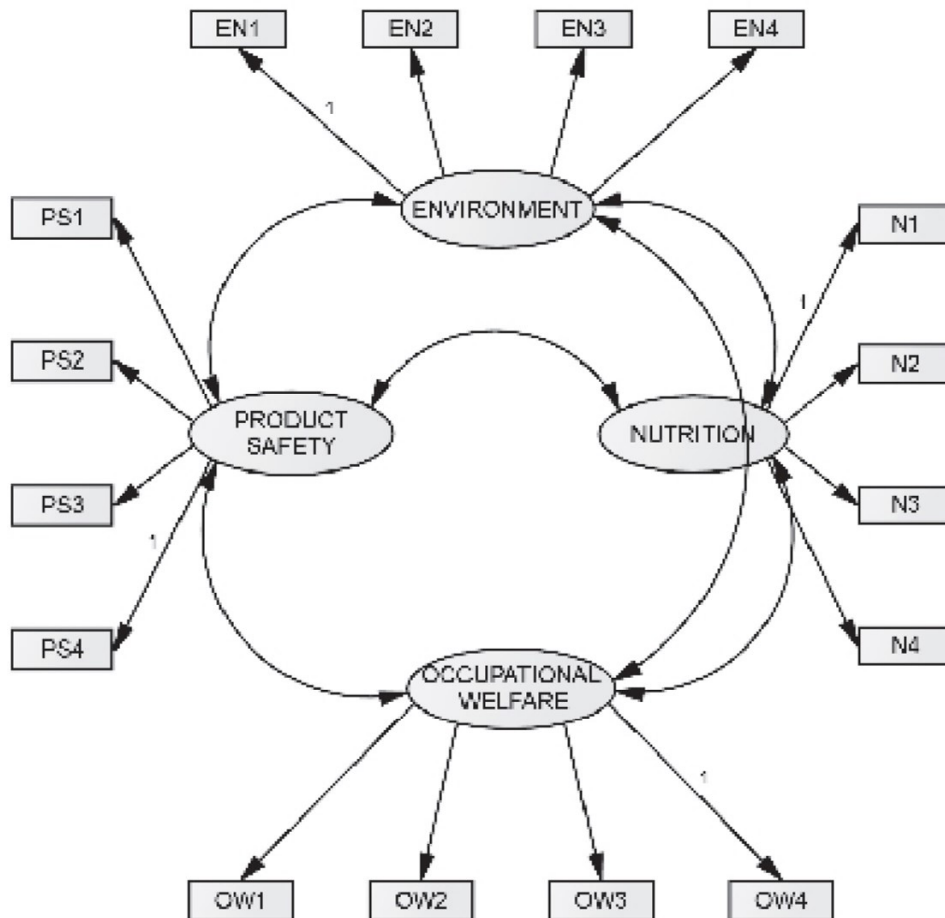
Food processing is the transformation of raw ingredients, by physical or chemical means into food, or of food into other forms. Food processing combines raw food ingredients to produce marketable food products that can be easily prepared and served by the consumer. According to “*Ministry of Food Processing Industry food processing industry includes dairy, fruits & vegetable processing, Grain processing, Meat & poultry processing, Fisheries and Consumer foods including packaged foods, beverages and packaged drinking water.*”

Food processing units have some responsibility towards society. The food industry is now facing increasing pressure to ensure that their company's activities are



environmentally sensitive, but there is also increased internal pressure to maintain or increase profitability in the face of fierce competition. The food-processing industry has special concerns about the health and safety of the consumer.

This study considers only four CSR activities of food processing units including environmental activities, product safety, nutrition and occupational welfare.



*E1: Uses of Renewable Energy

*E2: Water use

*E3: Climate Change

*E4: Environmentally Labeled products

*PS1: Research & Development

*PS2: Availability of Information

*PS3: Industry Guidelines for good practices

*PS4: Knowledge and Know how application

*N1: Nutrient content

*N2: Product portfolio and development

*N3: Advertisements



*N4: Education and Information

*OW1: Know how

*OW2: Work community interaction

*OW3: Work load in relation to employee capabilities and capacities

*OW4: Leadership

Review of Literature

A study titled “Corporate Responsibility in the Food Chain: The Criteria and Indicators” was based on interactive and participatory stakeholder dialogues with diverse experts, corporate representatives and other stakeholders, including non-governmental organizations (NGOs) and governmental bodies. Through an iterative research process we identified the criteria and developed the indicators.

Monika Hartmann (2011) in his study “Corporate social responsibility in the food Sector” reveals that corporate social responsibility (CSR) is of high relevance for food companies as this sector has a strong impact and a high dependence on the economy, the environment and on society. CSR's threats and opportunities are increasingly shifting from the single-firm level to food supply chains and food networks. This induces substantial challenges for the future due to firm heterogeneity and the associated diversity in CSR approaches.

Kavitha Shanmugam, in her study “Environment CSR initiatives of manufacturing units in India – An empirical study” reveals that corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns into their business operations and in their interaction with their stakeholders on a voluntary basis. Especially, manufacturing firms in developing countries such as India the world's 'manufacturing floors' – are under heavy scrutiny from many parties. This paper is an effort to research the status of CSR activities relating to 'environment' in Indian manufacturing sector. The findings reveal the emergence of environment CSR as corporate focus. The paper also provides suggestions on enhancement of environment CSR in the Indian manufacturing units.

Objectives of the Study

1. To create an awareness about the CSR activities in Food Processing Units
2. To make an analysis of CSR activities in Food Processing Units



Hypotheses of the Study

1. To test whether significant difference between mean rank towards CSR activities in food processing sector
2. To test whether significant difference between type of food processing units with regards to CSR activities
3. To test whether the functions of the food processing units to CSR activity of environment is above average level
4. To test whether the functions of the food processing units to CSR activity of product safety is above average level
5. To test whether the functions of the food processing units to CSR activity of Nutrition is above average level
6. To test whether the functions of the food processing units to CSR activity of Occupational welfare is above average level

Research Methodology

This study includes both primary and secondary data. Secondary data has been collected from various books, journals, articles, published research papers etc. Fifty food processing units were selected for the study from Ernamkulam and Thrissur district in Kerala. The food processing units includes fruits and vegetable processing units, sea food processing units, milk & milk processing units, meat processing units. For the purpose of study, the officials were interviewed by using a structured questionnaire. Parametric and Non-Parametric test like t- one sample test, Fried man test, Kruskal- Wallis test were used in the study for analyzing CSR activities in food processing units.

Data Analysis and Interpretation

Hypotheses Testing

1. To test whether significant difference between mean rank towards dimensions of CSR in food processing sector
- H0: There is no significant difference between mean ranks towards dimensions/ activities of CSR in food processing sector



CSR Activities	Mean Rank	Chi- Square Value	P Value
Environment	2.28	2.776	0.427
Product Safety	2.60		
Nutrition	2.47		
Occupational Welfare	2.65		

Since, p value is greater than 0.05, H₀ is accepted at 5% level of significant. Here, concluded that there is no significant difference between mean ranks towards activities of CSR in food processing sector.

Based on Mean Rank, Occupational Welfare (2.65) is the most important activity of CSR in food processing sector followed by product safety (2.60), nutrition (2.47) and environment (2.28).

1. To test whether significant difference between type of food processing units with regards to CSR activities

H₀: There is no significant difference among mean rank of type of food processing units with regards to CSR activities

Type of Food Processing Units	Mean Rank	Chi- Square Value	P Value
Fruits & Vegetable processing units	19.93	5.650	0.130
Sea food processing Units	25.41		
Dairy Processing units	24.35		
Meat Processing Units	33.33		

Here, p value is greater than 0.05, the H₀ is accepted at 5% level of significance. Hence, there is no significant difference among mean rank of type of food processing units with regards to CSR activities.

Based on Mean Rank, the meat processing units' (33.33) shows better CSR activities than others.

1. To test whether the functions of the food processing units to CSR activity of environment is above average level

H₀: The functions of the food processing units related to CSR activity of environment is average



CSR activities	Mean	Standard Deviation	T value	P value
Environment	14.32	2.084	48.580	<0.010**

** denotes significant at 1% level

The value of p is less than 0.010; the H0 is rejected at 1% level of significances. Here, it is concluded the functions of the food processing units related to CSR activity of environment is not equal to average.

1. To test whether the functions of the food processing units to CSR activity of product safety is above average level

H0: The functions of the food processing units related to CSR activity of product safety is average

CSR activity	Mean	Standard Deviation	t value	P value
Product Safety	14.6600	1.93370	53.608	<0.010**

** Significant at 1% level

The value of p is less than 0.010; the H0 is rejected at 1% level of significances. Here, it is concluded the functions of the food processing units related to CSR activity of product safety is not equal to average.

1. To test whether the functions of the food processing units to CSR dimension of Nutrition is above average level

H0: The functions of the food processing units related to CSR dimension of Nutrition is average.

CSR activity	Mean	Standard Deviation	t value	P value
Nutrition	14.50	1.61	63.81	<0.010**

**Significant at 1% level



The value of p is less than 0.010; the H₀ is rejected at 1% level of significances. Here, it is concluded the functions of the food processing units related to CSR activity of Nutrition is not equal to average.

1. To test whether the functions of the food processing units to CSR dimension of Occupational welfare is above average level

H₀: The functions of the food processing units related to CSR dimension of Occupational welfare is average.

CSR activity	Mean	Standard Deviation	t value	P value
Occupational Welfare	14.66	1.802	57.507	<0.010**

**Significant at 1% level

**Significant at 1% level

The value of p is less than 0.010; the H₀ is rejected at 1% level of significances. Here, it is concluded the functions of the food processing units related to CSR dimension of Occupational welfare is not equal to average.

Findings

1. Occupational welfare is the most important activity of CSR in food processing units.
2. The meat processing units (33.33) shows better CSR activities followed by sea food processing units (25.41), dairy processing units (24.35), and fruits and vegetable processing units (19.93).
3. The functions of the food processing units to CSR activity of environment is above average level.
4. The functions of the food processing units to CSR activity of product safety is above average level.
5. The functions of the food processing units to CSR dimension of Nutrition is above average level.
6. The functions of the food processing units to CSR dimension of Occupational welfare is above average level.



Conclusion

In this globalised world, the concept of CSR can't be ignored by the food processing sector. Each and every business establishments has some responsibility towards the society. Now days, the taste and preferences of the customers of the customers are changing. People are living in a busy world; they buy packaged food products from shops. The findings of this study provide insights into an area of growing concern of firms towards society. Firms have been doing great effort for the achievement of business goals and marring the business goals with social responsibility practices. As per the changing market demands need of the hour is for the development of CSR framework that has been imposed by the government.

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