

# Chapter 10

## The Market for CSR Practices: Issues and Challenges for the Food Sector

Irene Daskalopoulou  
University of Peloponnese, Greece

### ABSTRACT

*The aim of the paper is to stimulate a discussion about the market for CSR practices. This entails a shift of focus from contemporary approaches of analyzing the phenomenon that largely focus on the way in which CSR actions affect businesses and the markets. In contrast, the present paper proposes an analysis of the market for CSR actions and activities as a more integrative approach to conceptualizing the complex nature of the phenomenon. Three critical dimensions are identified as determinants of CSR market outcomes, namely the content of the demand and supply forces, the origin of the market, and the institutional terrain within which the market is developed. A tentative application of the proposed context is discussed with reference to the food sector.*

### INTRODUCTION

The aim of this contribution is to stimulate a discussion about the *market for Corporate Social Responsibility (CSR) practices*. This entails a shift of focus from contemporary approaches of analyzing the phenomenon. Indeed, much effort and research has been put on the analysis of the ways in which CSR actions affect the markets. To mention just a few, areas of research range from the management of inter-firm operations, industry competition and the strategic planning of firms, and consumers' purchasing intentions and behavior, to the regulation of markets, the quality of a country's institutions and the management of power held by various stakeholders in a society (Walsh et al., 2003; Garriga and Melé, 2004; Kakabadse et al., 2005; Perrini, 2005). While available research has resulted into an important body of knowledge and information regarding some key issues related to the phenomenon, many issues are yet to be understood. One central issue relates to that the CSR field lacks a commonly accepted paradigm despite that major characteristics of the phenomenon have so far emerged in the available literature (Garriga and Melé, 2004; Kakabadse et al., 2005; Lockett et al., 2006; Baron et al., 2011; Perez-Batres

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et al., 2012). The lack of consensus towards CSR largely owes to the apparent controversy, or paradox, of meeting the economic imperatives of private firms vis-à-vis the societal and environmental goals aspired by individuals (Friedman, 1970; Campbell, 2006; Cosans, 2009). To that extent, the present paper attempts to contribute in that debate by shifting the focus of discussion towards *the market for CSR actions and activities*. Analysis adopts an institutional approach under the premise that a more integrative approach to understanding the complex nature of the phenomenon might be provided via the synthesis of stakeholders' incentives and roles realized in the market terrain. In that sense, the paper proposes an identification of the demand and supply forces interacting in the market for CSR practices and examines the ability / strength of these forces to support close to, or far from, competitive equilibrium outcomes, i.e. welfare enhancing market outcomes. The validity of the proposed context to analyze CSR practices and actions is tested via a tentative application to the, admittedly extremely complex, food sector. The implications of such an exercise are important. As regards the CSR research agenda reorientation, initial evidence is provided of the need for more academic research and analysis over the exercise of CSR power and control among societal institutions such as the state, on the one hand, and the markets, on the other. This need is even more important when research relates to the considerable economic, social and environmental dimensions of the food industry.

## **THE MARKET FOR CSR PRACTICES**

### **In Search for a CSR Paradigm**

Corporate social responsibility is inexorably linked with institutional interventions and various types of regulations issued by the state and / or the industries, at the formal and / or at the informal level. This dimension draws from the mere definitions of the concept no matter how narrow (or how broad) or how specific (or how vague), they might be (Campbell, 2006; Cosans, 2009). For example, McWilliams (2015:1) recently defined the CSR notion as “all actions that contribute to social welfare, beyond what is required for profit maximization”. As she notes, while the legitimacy of the CSR concept is an open debate among scholars, CSR practices and claims have evolved as a market phenomenon that consumers view favorably and large corporations handle as an important element of strategic management (McWilliams and Siegel, 2001; McWilliams et al., 2006; Boehe and Cruz, 2010). As a market reality therefore, CSR calls upon states and other institutions to actively intervene / engage in the provision of social causes. This call for social welfare actions actually forms a whole new terrain of firm-stakeholders interactions that end up in strategic reactions from all actors involved (Baron, 2001; Baron et al., 2011; Perez-Batres et al., 2012). Thus, the more we extend the concept, beyond its obvious economic nature, to include social and environmental concerns ascribed to CSR practices, the more regulation is implicitly or explicitly endorsed (Perrini, 2005; Kakabadse et al., 2005; Lockett et al., 2006). While this is not a priori bad for a society, the tendency to discuss the content of CSR actions and practices while neglecting the regulatory framework under which such contents can be materialized does not provide much help towards the comprehensive understanding of the ways in which the phenomenon is actually met in practice. An illustrative example of this distance between theoretical conceptualizations and empirical evidence, is that we usually theorize consumers as the drivers of business ethics in the form of CSR actions, albeit empirical evidence support the halo effect of CSR practices (Oberseder et al., 2011; Smith et al., 2010). The implications of this observed distance between theoretical justifications, on the

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